

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to the course of action you should take, please consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

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**AIRASIA GROUP BERHAD**  
(Registration No. 201701030323 (1244493-V))  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE**

**PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO RM1,024,058,370 IN NOMINAL VALUE OF 7-YEAR REDEEMABLE CONVERTIBLE UNSECURED ISLAMIC DEBT SECURITIES WITH A NOMINAL VALUE OF RM0.75 EACH ("RCUIDS") BASED ON THE SHARIAH PRINCIPLE OF MURABAHAH (VIA TAWARRUQ ARRANGEMENT) ON THE BASIS OF 2 RCUIDS WITH 1 FREE DETACHABLE WARRANT FOR EVERY 6 ORDINARY SHARES IN AIRASIA GROUP BERHAD HELD AT AN ENTITLEMENT DATE TO BE DETERMINED LATER ("PROPOSED RIGHTS ISSUE")**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

*Principal Adviser*



**RHB Investment Bank Berhad**  
(Registration No. 197401002639 (19663-P))  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Proposed Rights Issue will be tabled at AirAsia Group Berhad's Extraordinary General Meeting ("EGM") which will be conducted as a fully virtual meeting entirely through live streaming from the online meeting platform using the Remote Participation and Voting facilities provided by Tricor Investor & Issuing House Services Sdn Bhd via the TIH Online website at <https://tiih.online> on Thursday, 11 November 2021 at 9.30 a.m. The Notice of EGM together with the Form of Proxy are set out in this Circular.

You are entitled to attend and vote at our EGM or appoint proxy(ies) to vote for and on your behalf. In such event, the Form of Proxy should be completed and lodged at our registered office at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur (klia2), 64000 KLIA, Selangor Darul Ehsan, Malaysia or electronically lodged with the poll administrator via TIH Online website at <https://tiih.online> not later than 48 hours before the date and time fixed for our EGM or any adjournment thereof. Please refer to the Administrative Note for the EGM on the procedures for electronic lodgement of the Form of Proxy. The lodging of the Form of Proxy will not preclude you from attending and voting in person at our EGM should you subsequently wish to do so but if you do so, your proxy shall be precluded from attending the EGM.

Last date and time for lodging the Form of Proxy : Tuesday, 9 November 2021 at 9.30 a.m.

Date and time of the EGM : Thursday, 11 November 2021 at 9.30 a.m.

This Circular is dated 27 October 2021

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## DEFINITIONS

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Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

<b>AAGB or Company</b>	: AirAsia Group Berhad
<b>AAGB Group or Group</b>	: Collectively, our Company and our subsidiaries
<b>AAGB Shares or Shares</b>	: Ordinary shares in our Company
<b>Abridged Prospectus</b>	: The abridged prospectus and its accompanying documents to be issued by our Company in relation to the Proposed Rights Issue
<b>Acquisition of BIGLIFE</b>	: Acquisition of the remaining 1,665,000 ordinary shares in BIGLIFE, which was completed on 29 June 2021
<b>Act</b>	: Companies Act, 2016 and any statutory modifications or amendments thereto from time to time
<b>AirAsia Digital</b>	: AirAsia Digital Sdn Bhd ( <i>formerly known as RedBeat Ventures Sdn Bhd</i> )
<b>AOC</b>	: Air operating certificate
<b>BIGLIFE</b>	: BIGLIFE Sdn Bhd
<b>Board</b>	: The Board of Directors of our Company
<b>Bursa Depository</b>	: Bursa Malaysia Depository Sdn Bhd
<b>Bursa Securities</b>	: Bursa Malaysia Securities Berhad
<b>By-Laws</b>	: The terms and conditions of the LTIS
<b>Circular</b>	: This circular dated 27 October 2021 in relation to the Proposed Rights Issue
<b>Conversion Price</b>	: Conversion price of RM0.75 per RCUIDS for every 1 new AAGB Share
<b>Deed Poll</b>	: The deed poll constituting the Warrants to be executed by our Company
<b>DKM</b>	: Datuk Kamarudin bin Meranun
<b>EGM</b>	: Extraordinary general meeting
<b>Entitled Shareholders</b>	: Our shareholders whose names appear in our Record of Depositors as at the close of business on the Entitlement Date
<b>Entitlement Date</b>	: A date to be determined by our Board and announced later by our Company, on which the names of our shareholders must appear in our Record of Depositors as at 5.00 p.m. in order to be entitled to participate in the Proposed Rights Issue
<b>Entitlement Undertakings</b>	: Unconditional and irrevocable written undertakings from the Undertaking Shareholders that they and/or their renounee(s) or transferee(s) (if applicable) will subscribe in full for their direct entitlements under the Proposed Rights Issue
<b>EPS</b>	: Earnings per Share

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**DEFINITIONS (CONT'D)**

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<b>ESOS</b>	: Employee share option scheme pursuant to the LTIS
<b>Exercise Price</b>	: The exercise price of the Warrants
<b>Foreign Addressed Shareholders</b>	: Our shareholders on the Entitlement Date who have not provided an address in Malaysia for service of documents to be issued for purposes of the Proposed Rights Issue
<b>FPE</b>	: Financial period ended
<b>Full Subscription Level</b>	: Assuming all the Entitled Shareholders and/or their renouncee(s) or transferee(s) subscribe in full for the Entitled Shareholders' respective entitlements to the RCUIDS under the Maximum Scenario
<b>FYE</b>	: Financial year ended
<b>Guidelines</b>	: Guidelines on Issuance of Corporate Bonds and Sukuk to Retail Investors issued by the SC
<b>IATA</b>	: International Air Transport Association
<b>Issue Price</b>	: Issue price of RM0.75 per RCUIDS, being 100% of its nominal value
<b>IT</b>	: Information technology
<b>LAT</b>	: Net loss attributable to owners of our Company
<b>Listing Requirements</b>	: Main Market Listing Requirements of Bursa Securities
<b>LPD</b>	: 18 October 2021, being the latest practicable date prior to the printing of this Circular
<b>LPS</b>	: Loss per Share
<b>LTIS</b>	: Long term incentive scheme comprising the ESOS and SGS, which was approved by Bursa Securities on 24 May 2021 and our shareholders on 21 June 2021
<b>Maximum Scenario</b>	: Assuming the following: <ul style="list-style-type: none"><li>(i) our Company's total number of issued Shares of 3,898,052,879 AAGB Shares as at the LPD;</li><li>(ii) the assumption that the remaining 198,180,602 Placement Shares will be issued prior to the Entitlement Date; and</li><li>(iii) our Board's undertaking not to issue any new AAGB Shares pursuant to the LTIS prior to the Entitlement Date</li></ul>
<b>MGS</b>	: Malaysian Government Securities

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**DEFINITIONS (CONT'D)**

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<b>Minimum Scenario</b>	: Assuming the following: <ul style="list-style-type: none"><li>(i) our Company's total number of issued Shares of 3,898,052,879 AAGB Shares as at the LPD; and</li><li>(ii) the assumptions that no further Placement Shares are issued and our Board's undertaking not to issue any new AAGB Shares pursuant to the LTIS prior to the Entitlement Date</li></ul>
<b>Minimum Subscription Level</b>	: Minimum subscription basis to raise minimum gross proceeds of approximately RM615.9 million pursuant to the Proposed Rights Issue
<b>Minimum Underwriting</b>	: Underwriting arrangement(s) to underwrite at least 50% of the Open Portion under the Minimum Scenario
<b>NA</b>	: Net assets
<b>NL</b>	: Net liabilities
<b>Official List</b>	: A list specifying all securities listed on the Main Market of Bursa Securities
<b>Open Portion</b>	: The total number of the RCUIDS with Warrants for which no Entitlement Undertakings have been obtained
<b>Other Entitled Shareholders/ Renouncees/ Transferees</b>	: The Entitled Shareholders and/or their renouncee(s) or transferee(s) other than the Undertaking Shareholders and/or their renouncee(s) or transferee(s)
<b>Outstanding ESOS Options</b>	: The 159,400,000 options offered to the eligible employees of our Group under the ESOS, which are outstanding as at the LPD
<b>PAT</b>	: Net profit attributable to owners of our Company
<b>Placement Shares</b>	: New AAGB Shares to be issued pursuant to the Private Placement
<b>Private Placement</b>	: Private placement of up to 20% of the total number of issued Shares, which was approved by Bursa Securities on 3 February 2021
<b>Proposed Rights Issue</b>	: Proposed renounceable rights issue of up to RM1,024,058,370 in nominal value of RCUIDS based on the Shariah principle of Murabahah (via Tawarruq arrangement) on the basis of 2 RCUIDS with 1 Warrant for every 6 AAGB Shares held on the Entitlement Date
<b>QoQ</b>	: Quarter-on-quarter
<b>RASK</b>	: Revenue per available seat-kilometre
<b>RCUIDS</b>	: 7-year redeemable convertible unsecured Islamic debt securities with a nominal value of RM0.75 each to be issued pursuant to the Proposed Rights Issue
<b>RCUIDS Holders</b>	: Holders of the RCUIDS
<b>Record of Depositors</b>	: The record of depositors maintained by Bursa Depository under the Rules of Bursa Depository

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**DEFINITIONS (CONT'D)**

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<b>RHB Investment Bank or Principal Adviser</b>	: RHB Investment Bank Berhad
<b>RM and sen</b>	: Ringgit Malaysia and sen, respectively
<b>Rules of Bursa Depository</b>	: Rules of Bursa Depository issued pursuant to the Securities Industry (Central Depositories) Act, 1991
<b>SASB</b>	: Sky Accord Sdn Bhd, a special purpose vehicle jointly-owned by TSTF and DKM, in which each of them individually holds 50% equity interest
<b>SC</b>	: Securities Commission Malaysia
<b>SGS</b>	: Share grant scheme pursuant to the LTIS
<b>Shariah Adviser</b>	: Associate Professor Dr. Aznan bin Hasan
<b>TASB</b>	: Tune Air Sdn Bhd
<b>TERP</b>	: Theoretical ex-rights price
<b>TLSB</b>	: Tune Live Sdn Bhd
<b>Trust Deed</b>	: The trust deed constituting the RCUIDS to be executed by our Company and the Trustee acting for the benefit of the RCUIDS Holders, and which shall be in compliance with the Guidelines on Trust Deeds issued by the SC
<b>Trustee</b>	: Malaysian Trustees Berhad
<b>TSTF</b>	: Tan Sri Anthony Francis Fernandes
<b>Undertaking Shareholders</b>	: Collectively, TLSB, TASB, TSTF and DKM
<b>US</b>	: United States
<b>USD</b>	: United States Dollars
<b>VWAP</b>	: Volume-weighted average market price
<b>Warrants</b>	: Free detachable warrants to be issued together with the RCUIDS pursuant to the Proposed Rights Issue
<b>Warrants Holders</b>	: Holders of the Warrants
<b>YoY</b>	: Year-on-year

References to “**our Company**”, “**we**”, “**us**”, “**our**” and “**ourselves**” in this Circular are to our Company.

References to “**our Group**” are to our Company and our subsidiaries. All references to “**you**” and “**your**” in this Circular are to our shareholders.

Unless specifically referred to, words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and vice versa. References to persons shall include legal entities including corporations.

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**DEFINITIONS (CONT'D)**

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Certain amounts and percentage figures included herein have been subject to rounding adjustments. Any discrepancies in the tables included in this Circular between the amounts listed, actual figures and the totals thereof are due to rounding.

Any reference to time of day in this Circular is a reference to Malaysian time, unless otherwise stated.

Any references in this Circular to the provisions of any enactment, statute, rules, regulation, rules of stock exchange or guideline shall (when the context admits) be construed as a reference to the provisions of such enactment, statute, rules, regulation, rules of stock exchange or guideline (as the case may be) as modified by any written law or (if applicable) amendments to the enactment, statute, rules, regulation, rules of stock exchange or guideline for the time being in force.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by our Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that our Company's plans and objectives will be achieved.

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**EXECUTIVE SUMMARY**

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**THE EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION OF THE PROPOSED RIGHTS ISSUE. PLEASE READ THIS CIRCULAR AND THE APPENDICES CAREFULLY FOR FURTHER DETAILS ON THE PROPOSED RIGHTS ISSUE BEFORE VOTING AT OUR COMPANY'S FORTHCOMING EGM.**

<b>Key information</b>	<b>Description</b>	<b>Reference in the Circular</b>
<b>Details of the Proposed Rights Issue</b>	<ul style="list-style-type: none"><li>• The Proposed Rights Issue entails the issuance of up to RM1,024,058,370 in nominal value of RCUIDS at 100% of its nominal value based on the Shariah principle of Murabahah (via Tawarruq arrangement) on the basis of 2 RCUIDS with 1 Warrant for every 6 AAGB Shares held on the Entitlement Date and to be subscribed by the Entitled Shareholders and/or their renounee(s) or transferee(s) (if applicable).</li><li>• The Proposed Rights Issue is renounceable in full or in part. Accordingly, the Entitled Shareholders may subscribe for and/or renounce their respective entitlements to the RCUIDS in full or in part.</li><li>• The Warrants will only be issued to the Entitled Shareholders who subscribe for the RCUIDS. The Entitled Shareholders who renounce all or any part of their entitlements to the RCUIDS provisionally allotted to them shall be deemed to have renounced their corresponding entitlements to the Warrants.</li><li>• The RCUIDS shall be issued at 100% of its nominal value of RM0.75 each. The Conversion Price is also fixed at RM0.75 each for every 1 new AAGB Share.</li><li>• The Warrants attached to the RCUIDS will be issued at no cost to the Entitled Shareholders and/or their renounee(s) or transferee(s) who subscribe to the RCUIDS.</li></ul>	Section 2
<b>Rationale for the Proposed Rights Issue</b>	<ul style="list-style-type: none"><li>• Our Board is of the opinion that the Proposed Rights Issue is the most appropriate avenue of raising funds given the prevailing market conditions, after taking into consideration, among others, the following factors:<ul style="list-style-type: none"><li>(i) the issuance of the RCUIDS would enable our Group to secure funding of up to approximately RM1,024.1 million, at a fixed funding cost for a period of 7 years;</li><li>(ii) the issuance of the RCUIDS would minimise the immediate dilution effect on our Company's EPS, which would otherwise arise from a pure equity issuance;</li><li>(iii) our Company would be able to strengthen its eventual capital base upon the conversion of the RCUIDS and exercise of the Warrants; and</li><li>(iv) the proceeds to be received by our Company from any exercise of the Warrants by the Warrants Holders will provide additional funds to our Group.</li></ul></li></ul>	Section 4



**EXECUTIVE SUMMARY (CONT'D)**

Key information	Description	Reference in the Circular																												
Utilisation of proceeds	<ul style="list-style-type: none"> <li>Our Company intends to utilise the proceeds arising from the Proposed Rights Issue in the following manner: <table> <tr> <th>Utilisation purposes</th><th>Minimum Subscription Level (RM'000)</th><th>Full Subscription Level (RM'000)</th><th>Estimated timeframe for utilisation of proceeds*</th></tr> <tr> <td>Fuel hedging settlement</td><td>96,742</td><td>226,742</td><td>Within 5 months</td></tr> <tr> <td>Aircraft lease and maintenance payments</td><td>145,238</td><td>202,764</td><td>Within 12 months</td></tr> <tr> <td>AirAsia Digital's business units</td><td>36,310</td><td>73,732</td><td>Within 12 months</td></tr> <tr> <td>General working capital</td><td>325,874</td><td>508,488</td><td>Within 12 months</td></tr> <tr> <td>Estimated expenses in relation to the Proposed Rights Issue</td><td>11,728</td><td>12,332</td><td>Within 3 months</td></tr> <tr> <td><b>Total</b></td><td><b>615,892</b></td><td><b>1,024,058</b></td><td></td></tr> </table> <p><b>Note:</b></p> <p>* From the date of completion of the Proposed Rights Issue.</p> </li> <li>For the avoidance of doubt, the proceeds to be raised from the Proposed Rights Issue and the exercise of the Warrants, if any, will be used for Shariah-compliant purposes only.</li> </ul>	Utilisation purposes	Minimum Subscription Level (RM'000)	Full Subscription Level (RM'000)	Estimated timeframe for utilisation of proceeds*	Fuel hedging settlement	96,742	226,742	Within 5 months	Aircraft lease and maintenance payments	145,238	202,764	Within 12 months	AirAsia Digital's business units	36,310	73,732	Within 12 months	General working capital	325,874	508,488	Within 12 months	Estimated expenses in relation to the Proposed Rights Issue	11,728	12,332	Within 3 months	<b>Total</b>	<b>615,892</b>	<b>1,024,058</b>		Section 3
Utilisation purposes	Minimum Subscription Level (RM'000)	Full Subscription Level (RM'000)	Estimated timeframe for utilisation of proceeds*																											
Fuel hedging settlement	96,742	226,742	Within 5 months																											
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<b>Total</b>	<b>615,892</b>	<b>1,024,058</b>																												
Approvals required	<ul style="list-style-type: none"> <li>The Proposed Rights Issue is subject to approvals being obtained from the following: <ul style="list-style-type: none"> <li>(i) the SC for (a) the issuance of the RCUIDS, approval of which was obtained vide its letter dated 15 October 2021; and (b) the registration of the Abridged Prospectus;</li> <li>(ii) Bursa Securities, approval of which was obtained vide its letter dated 25 October 2021, for the following: <ul style="list-style-type: none"> <li>(a) admission to the Official List and the listing and quotation of up to 1,365,411,160 RCUIDS with nominal value of RM1,024,058,370 to be issued pursuant to the Proposed Rights Issue;</li> <li>(b) admission to the Official List and the listing and quotation of up to 682,705,580 Warrants to be issued pursuant to the Proposed Rights Issue; and</li> <li>(c) listing and quotation of up to 2,048,116,740 new AAGB Shares to be issued pursuant to the conversion of the RCUIDS and exercise of the Warrants;</li> </ul> </li> <li>(iii) the shareholders of our Company at the forthcoming EGM for the Proposed Rights Issue; and</li> <li>(iv) any other relevant regulatory authorities and/or parties, if required.</li> </ul> </li> </ul>	Section 7																												

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**EXECUTIVE SUMMARY (CONT'D)**

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<b>Key information</b>	<b>Description</b>	<b>Reference in the Circular</b>
<b>Interests of the Directors, major shareholders, chief executive and/or persons connected with them</b>	<ul style="list-style-type: none"><li>• None of the Directors, major shareholders and/or chief executive of our Company and/or persons connected with them (as defined in the Listing Requirements) has any interests, direct or indirect, in the Proposed Rights Issue, save for their respective entitlements as shareholders of our Company under the Proposed Rights Issue, for which all the existing shareholders of our Company are entitled to, including the rights to apply for additional RCUIDS under the excess applications.</li></ul>	Section 8
<b>Directors' statement and recommendation</b>	<ul style="list-style-type: none"><li>• Our Board, after having considered all aspects of the Proposed Rights Issue (including but not limited to the rationale for and the effects of the Proposed Rights Issue and the intended utilisation of proceeds), is of the opinion that the Proposed Rights Issue is in the best interests of our Company.</li><li>• Accordingly, our Board recommends that you <b>VOTE IN FAVOUR</b> of the resolution pertaining to the Proposed Rights Issue at our Company's forthcoming EGM.</li></ul>	Section 9

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**AIRASIA GROUP BERHAD**  
(Registration No. 201701030323 (1244493-V))  
(Incorporated in Malaysia)

**Registered Office**

RedQ, Jalan Pekeliling 5  
Lapangan Terbang Antarabangsa Kuala Lumpur (klia2)  
64000 KLIA  
Selangor Darul Ehsan  
Malaysia

27 October 2021

**Board of Directors**

Datuk Kamarudin bin Meranun (*Non-Independent Executive Chairman*)  
Tan Sri Anthony Francis Fernandes (*Non-Independent Executive Director and Chief Executive Officer*)  
Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar (*Non-Independent Non-Executive Director*)  
Dato' Fam Lee Ee (*Senior Independent Non-Executive Director*)  
Stuart L Dean (*Independent Non-Executive Director*)  
Dato' Mohamed Khadar bin Merican (*Independent Non-Executive Director*)

**To: Our shareholders**

Dear Sir / Madam,

**PROPOSED RIGHTS ISSUE**

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**1. INTRODUCTION**

On 12 July 2021, RHB Investment Bank had, on behalf of our Board, announced that our Company proposed to undertake a renounceable rights issue of up to RM1,024,058,370 in nominal value of RCUIDS based on the Shariah principle of Murabahah (via Tawarruq arrangement) on the basis of 2 RCUIDS with 1 Warrant for every 6 AAGB Shares held on the Entitlement Date.

On 18 October 2021, RHB Investment Bank had, on behalf of our Board, announced that the SC had, vide its letter dated 15 October 2021, granted its approval under Section 214(1) of the Capital Markets and Services Act 2007 for the issuance of the RCUIDS, subject to compliance with the standard conditions and continuing obligations as stipulated in the Guidelines.

On 25 October 2021, RHB Investment Bank had, on behalf of our Board, announced that Bursa Securities had, vide its letter dated 25 October 2021, approved the following:

- (i) admission to the Official List and the listing and quotation of up to 1,365,411,160 RCUIDS with nominal value of RM1,024,058,370 to be issued pursuant to the Proposed Rights Issue;
- (ii) admission to the Official List and the listing and quotation of up to 682,705,580 Warrants to be issued pursuant to the Proposed Rights Issue; and
- (iii) listing and quotation of up to 2,048,116,740 new AAGB Shares to be issued pursuant to the conversion of the RCUIDS and exercise of the Warrants,

subject to the conditions as set out in Section 7 of this Circular.

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSED RIGHTS ISSUE AND TO SEEK YOUR APPROVAL ON THE RESOLUTION PERTAINING TO THE PROPOSED RIGHTS ISSUE TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM TOGETHER WITH THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.**

**YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED RIGHTS ISSUE TO BE TABLED AT THE FORTHCOMING EGM.**

## **2. DETAILS OF THE PROPOSED RIGHTS ISSUE**

The Proposed Rights Issue entails the issuance of up to RM1,024,058,370 in nominal value of RCUIDS at 100% of its nominal value based on the Shariah principle of Murabahah (via Tawarruq arrangement) on the basis of 2 RCUIDS with 1 Warrant for every 6 AAGB Shares held on the Entitlement Date and to be subscribed by the Entitled Shareholders and/or their renouncee(s) or transferee(s) (if applicable). Based on the nominal value of the RCUIDS of RM0.75 each, the Proposed Rights Issue would result in the issuance of up to 1,365,411,160 RCUIDS together with up to 682,705,580 Warrants.

The actual total nominal value of RCUIDS together with Warrants to be issued pursuant to the Proposed Rights Issue will depend on the total number of issued Shares on the Entitlement Date and the actual subscription rate by the Entitled Shareholders and/or their renouncee(s) or transferee(s) (if applicable) under the Proposed Rights Issue.

The total nominal value of RCUIDS and the total number of RCUIDS and Warrants to be issued under the Minimum Scenario and Maximum Scenario are as follows:

	<u>Minimum Scenario</u>	<u>Maximum Scenario</u>
Total nominal value of RCUIDS	RM974,513,219	RM1,024,058,370
Total number of RCUIDS to be issued	1,299,350,959	1,365,411,160
Total number of Warrants to be issued	649,675,479	682,705,580

The Proposed Rights Issue is renounceable in full or in part. Accordingly, the Entitled Shareholders may subscribe for and/or renounce their respective entitlements to the RCUIDS in full or in part.

The Warrants will only be issued to the Entitled Shareholders who subscribe for the RCUIDS. The Entitled Shareholders who renounce all or any part of their entitlements to the RCUIDS provisionally allotted to them shall be deemed to have renounced their corresponding entitlements to the Warrants. The RCUIDS and Warrants are not separately renounceable. However, the Warrants shall be immediately detached from the RCUIDS upon issuance and shall be separately traded on the Main Market of Bursa Securities.

The RCUIDS which are not subscribed or validly subscribed for shall be made available for excess application by the other Entitled Shareholders and/or their renouncee(s) or transferee(s) (if applicable). It is the intention of our Board to allocate the excess RCUIDS in a fair and equitable manner on a basis to be determined by our Board.

In determining the Entitled Shareholders' entitlements to the Proposed Rights Issue, fractional entitlements, if any, will be disregarded and shall be dealt with in such manner as our Board shall in its sole and absolute discretion deem fit or expedient and in the best interests of our Company.

## **2.1 Indicative salient terms of the RCUIDS and Warrants**

The indicative salient terms of the RCUIDS and Warrants are set out in **Appendix I** and **Appendix II** of this Circular respectively.

The RCUIDS will be constituted by the Trust Deed and the Warrants will be constituted by the Deed Poll.

## **2.2 Basis and justification for the Issue Price, Conversion Price and Exercise Price**

### **(i) Issue Price and Conversion Price**

The RCUIDS shall be issued at 100% of its nominal value of RM0.75 each. The Conversion Price is also fixed at RM0.75 each for every 1 new AAGB Share.

The Issue Price and Conversion Price were arrived at after taking into consideration the following:

- (a) the 30-day VWAP of AAGB Shares up to and including 29 June 2021, being the latest practicable date prior to the announcement of the Proposed Rights Issue dated 12 July 2021 ("**Announcement LPD**"), of RM0.9055;
- (b) the TERP per AAGB Share of RM0.8666 calculated based on the 30-day VWAP of AAGB Shares up to and including the Announcement LPD; and
- (c) the funding requirements of AAGB Group, as detailed in Section 3 of this Circular.

For illustrative purposes, the Issue Price and Conversion Price both represent:

- (a) a discount of 17.17% to the 30-day VWAP of AAGB Shares up to and including the Announcement LPD of RM0.9055 and a discount of 13.45% to the TERP per AAGB Share of RM0.8666 calculated based on the 30-day VWAP of AAGB Shares up to and including the Announcement LPD; and
- (b) a discount of 32.19% to the 30-day VWAP of AAGB Shares up to and including the LPD of RM1.1061 and a discount of 26.12% to the TERP per AAGB Share of RM1.0152 calculated based on the 30-day VWAP of AAGB Shares up to and including the LPD.

Our Board is of the opinion that the Issue Price and Conversion Price are reasonable after taking into consideration the following:

- (a) the aforementioned discounts to the 30-day VWAP and TERP is expected to encourage the Entitled Shareholders to subscribe for their entitlements, and further increase their equity participation in our Company pursuant to the conversion of the RCUIDS;
- (b) the profit rate of the RCUIDS of 8% per annum is reasonably attractive as compared to the prevailing 5-year MGS's indicative yield of approximately 2.60% as at May 2021, being the latest available information prior to the announcement of the Proposed Rights Issue dated 12 July 2021; and
- (c) the Issue Price is sufficient to meet the near-term funding requirements of our Group, as detailed in Section 3 of this Circular.

**(ii) Exercise Price**

The Warrants attached to the RCUIDS will be issued at no cost to the Entitled Shareholders and/or their renouncee(s) or transferee(s) who subscribe to the RCUIDS, and are exercisable into new AAGB Shares.

The Exercise Price shall be determined and fixed by our Board and announced by our Company at a later date (after all relevant approvals of the Proposed Rights Issue have been obtained). However, our Company intends to fix the Exercise Price to be the lower of:

- (a) RM1.00; or
- (b) 20% premium to the trailing 30-day VWAP of AAGB Shares prior to the announcement of the Entitlement Date, after taking into consideration the following:
  - (A) the trading prices of AAGB Shares in the last 12 months preceding the Announcement LPD which ranged between RM0.51 to RM1.27 (Source: Bloomberg);
  - (B) the prospects of our Group as detailed in Section 5.4 of this Circular; and
  - (C) RM1.00 represents a premium of approximately 10% and 15% to the 30-day VWAP of AAGB Shares up to and including the Announcement LPD of RM0.9055 and the TERP per AAGB Share of RM0.8666 (calculated based on the 30-day VWAP of AAGB Shares up to and including the Announcement LPD) respectively.

Solely for illustrative purposes, based on the trailing 30-day VWAP of AAGB Shares up to and including the Announcement LPD and the trailing 30-day VWAP of AAGB Shares up to and including the LPD of RM0.9055 and RM1.1061 respectively, the Exercise Price would be priced at RM1.00 per Warrant, being the lower of RM1.00 or the following:

- (a) a 20% premium to the trailing 30-day VWAP of AAGB Shares up to and including the Announcement LPD of RM0.9055 per AAGB Share i.e. RM1.09; and
- (b) a 20% premium to the trailing 30-day VWAP of AAGB Shares up to and including the LPD of RM1.1061 per AAGB Share i.e. RM1.33.

The assumed Exercise Price of RM1.00 represents a premium of 10.44% to the 30-day VWAP of AAGB Shares up to and including the Announcement LPD of RM0.9055 and a discount of 9.59% to the 30-day VWAP of AAGB Shares up to and including the LPD of RM1.1061.

Our Board is of the opinion that the basis of determining the Exercise Price is reasonable after taking into consideration the following:

- (a) that the Warrants will be issued at no cost to the Entitled Shareholders and/or their renouncee(s) or transferee(s) who subscribe to the RCUIDS;
- (b) pricing the Exercise Price at a reasonable premium over the 30-day VWAP of AAGB Shares prior to the announcement of the Entitlement Date, after considering the prospects of our Group as detailed in Section 5.4 of this Circular; and
- (c) the additional cash proceeds which our Company would be able to raise to fund the general working capital of our Group in the event the Warrant Holders exercise the Warrants.

### **2.3 Ranking of the new AAGB Shares to be issued upon conversion of the RCUIDS and/or exercise of the Warrants**

The new AAGB Shares to be issued upon conversion of the RCUIDS and/or exercise of the Warrants shall, upon allotment and issuance, rank equally in all respects with the then existing AAGB Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the shareholders of our Company, the entitlement date of which is prior to the allotment date of the new AAGB Shares to be issued upon conversion of the RCUIDS and/or exercise of the Warrants.

### **2.4 Listing and quotation of the RCUIDS and Warrants as well as the new AAGB Shares to be issued upon conversion of the RCUIDS and exercise of the Warrants**

The RCUIDS, Warrants as well as the new AAGB Shares to be issued pursuant to the conversion of RCUIDS and exercise of the Warrants will be listed and quoted on the Main Market of Bursa Securities.

For the RCUIDS and Warrants to be listed, there must be at least 100 holders holding not less than 1 board lot each for the respective securities.

### **2.5 Undertakings and underwriting**

As at the LPD, our Company intends to undertake the Proposed Rights Issue on the Minimum Subscription Level basis. The Minimum Subscription Level was determined by our Board after taking into consideration, among others, the funding requirements of our Group as set out in Section 3 of this Circular and the Minimum Scenario.

In order to meet the Minimum Subscription Level, our Company:

- (i) has procured the Entitlement Undertakings from the Undertaking Shareholders; and
- (ii) will make arrangements for the Minimum Underwriting. As at the LPD, the arrangements for the Minimum Underwriting have not been finalised. The Minimum Underwriting will be put in place prior to the announcement of the Entitlement Date, the details of which will be set out in the Abridged Prospectus.

Pursuant to the Entitlement Undertakings, the Undertaking Shareholders have confirmed that they and/or their renouncee(s) or transferee(s) have sufficient financial resources to subscribe in full for the direct entitlements of the Undertaking Shareholders under the Proposed Rights Issue and to make payment in full upon such subscription.

Subsequently, the Undertaking Shareholders have notified our Company of their intention to renounce their respective entitlements to the RCUIDS and the corresponding Warrants under the Proposed Rights Issue to their renounee(s) in the following manner:

- (i) TSTF, DKM and TLSB shall renounce their respective entitlements to the RCUIDS and the corresponding Warrants under the Proposed Rights Issue in full in favour of SASB; and
- (ii) TASB shall renounce its entitlement to the RCUIDS and the corresponding Warrants under the Proposed Rights Issue:
  - (a) in full in favour of SASB ("**TASB's Entitlement**"); or
  - (b) in the event (1) TASB receives a request from its shareholder, Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar ("**Dato' Abdel Aziz**") (who holds approximately 10% equity interest in TASB) to renounce up to 17,216,169 RCUIDS with up to 8,608,084 Warrants in his favour; and (2) our Company receives the unconditional and irrevocable written undertaking from Dato' Abdel Aziz to subscribe in full for the requested number of RCUIDS with the corresponding Warrants, by the end of one (1) business day after the EGM, TASB shall renounce its entitlement to the requested number of RCUIDS with the corresponding Warrants in favour of Dato' Abdel Aziz and its entitlement to the remaining RCUIDS with the corresponding Warrants in favour of SASB.

For our shareholders' information, SASB is a special purpose vehicle set-up by TSTF and DKM to obtain financing to fund up to the full subscription of the Undertaking Shareholders' direct entitlements to the RCUIDS and the corresponding Warrants under the Proposed Rights Issue. As such, the Undertaking Shareholders shall renounce their respective entitlements to the RCUIDS and the corresponding Warrants (save for the portion to be renounced in favour of Dato' Abdel Aziz, if applicable) in favour of SASB to allow SASB to fulfill the Entitlement Undertakings.

Following the above, SASB has provided an unconditional and irrevocable written undertaking ("**SASB's Undertaking**") to our Company, pursuant to which it has confirmed that it has sufficient financial resources to subscribe in full for the respective entitlements of the Undertaking Shareholders under the Proposed Rights Issue which will be renounced in its favour and to make payment in full upon such subscription. For the avoidance of doubt, SASB's Undertaking includes the full subscription for TASB's Entitlement until and unless TASB decides to renounce part of its entitlement to Dato' Abdel Aziz in the manner and upon the conditions as set out in paragraph (ii)(b) above.

The Principal Adviser has verified that the Undertaking Shareholders (through SASB, being their renounee) have sufficient financial resources to subscribe in full for the entitlements of the Undertaking Shareholders under the Proposed Rights Issue and to make payment in full upon such subscription.

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For illustrative purposes only, the details of the Entitlement Undertakings and Minimum Underwriting under the Minimum Scenario are as follows:

Undertaking Shareholders/ Underwriter(s)	Direct shareholdings as at 22 October 2021		Entitlement Undertakings		Minimum Underwriting		Minimum Subscription Level
	No. of Shares (‘000)	% <sup>(1)</sup>	No. of RCUIDS (‘000)	Amount (RM’000)	No. of RCUIDS (‘000)	Amount (RM’000)	Amount (RM’000)
TLSB	509,000	13.06	169,667	127,250	-	-	127,250
TASB	516,485	13.25	172,161	129,121	-	-	129,121
TSTF	1,600	0.04	533	400	-	-	400
DKM	2,000	0.05	667	500	-	-	500
Underwriter(s)	-	-	-	-	<sup>(2)</sup> 478,161	358,621	358,621
	<b>1,029,085</b>	<b>26.40</b>	<b>343,028</b>	<b>257,271</b>	<b>478,161</b>	<b>358,621</b>	<b>615,892</b>

**Notes:**

- (1) Based on the total number of 3,898,052,879 Shares in issue as at 22 October 2021.
- (2) Minimum Underwriting is calculated based on 50% of the Open Portion under the Minimum Scenario i.e. 956,322,599 RCUIDS, being the total number of 1,299,350,959 RCUIDS available for subscription under the Minimum Scenario less the total number of RCUIDS to which the Entitlement Undertakings relate i.e. 343,028,360 RCUIDS.

*Pursuant to the Minimum Underwriting, the underwriter(s) will be obligated to subscribe and pay for and/or procure subscription and payment for up to 478,161,300 RCUIDS (representing 50% of the Open Portion under the Minimum Scenario) which have not been subscribed by the Other Entitled Shareholders/ Renouncees/ Transferees. However, in the event that the Minimum Subscription Level is met via the subscription of the RCUIDS pursuant to the Entitlement Undertakings and the subscription of the RCUIDS by the Other Entitled Shareholders/ Renouncees/ Transferees, the underwriter(s) shall not be obligated to subscribe to any of the RCUIDS.*

In the event the Minimum Subscription Level is not achieved, our Company will not be able to complete the Proposed Rights Issue. All subscription monies received pursuant to the Proposed Rights Issue will be refunded without interest to the subscribing Entitled Shareholders and/or their renouncee(s) or transferee(s) (if applicable). As at the LPD, our Company does not have any alternative fund-raising plan in the event that the Minimum Subscription Level is not achieved. Hence, in the event our Company does not proceed to complete the Proposed Right Issue, the proposed utilisation of proceeds as set out in Section 3 of this Circular will be funded via internally generated funds and/or other alternative sources of external financing.

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For the avoidance of doubt, our Company may procure additional underwriting arrangement(s) for up to 100% of the Open Portion. Assuming that our Company secures underwriting for 100% of the Open Portion, then the Proposed Rights Issue shall be implemented on a full subscription basis to raise gross proceeds of between RM974.5 million and RM1,024.1 million under the Minimum Scenario and Maximum Scenario, respectively. The actual Open Portion will depend on the total number of issued Shares on the Entitlement Date.

For illustrative purposes only, assuming that our Company is able to secure underwriting arrangement(s) for the entire Open Portion (instead of 50% of the Open Portion under the Minimum Scenario as illustrated above) ("**Maximum Underwriting**"), the details of the Entitlement Undertakings and the Maximum Underwriting under the Minimum Scenario and Maximum Scenario respectively, will be as follows:

Undertaking Shareholders/ Underwriter(s)	Direct shareholdings as at 22 October 2021		Entitlement Undertakings		Minimum Scenario			Maximum Scenario			Full subscription basis	
	No. of Shares ('000)	%( <sup>(1)</sup> )	No. of RCUIDS ('000)	Amount (RM'000)	No. of RCUIDS ('000)	Maximum Underwriting Amount (RM'000)	Full subscription basis Amount (RM'000)	No. of RCUIDS ('000)	Maximum Underwriting Amount (RM'000)	Full subscription basis Amount (RM'000)	No. of RCUIDS ('000)	Amount (RM'000)
TLSB	509,000	13.06	169,667	127,250	-	-	127,250	-	-	127,250	-	127,250
TASB	516,485	13.25	172,161	129,121	-	-	129,121	-	-	129,121	-	129,121
TSTF	1,600	0.04	533	400	-	-	400	-	-	400	-	400
DKM	2,000	0.05	667	500	-	-	500	-	-	500	-	500
Underwriter(s) <sup>(4)</sup>	-	-	-	-	(2)956,323	717,242	717,242	(3)1,022,383	766,787	766,787	(3)1,022,383	766,787
	<b>1,029,085</b>	<b>26.40</b>	<b>343,028</b>	<b>257,271</b>	<b>956,323</b>	<b>717,242</b>	<b>974,513</b>	<b>1,022,383</b>	<b>766,787</b>	<b>1,024,058</b>		

**Notes:**

- (1) Based on the total number of 3,898,052,879 Shares in issue as at 22 October 2021.
- (2) Calculated based on 100% of the Open Portion under the Minimum Scenario i.e. 956,322,599 RCUIDS, being the total number of 1,299,350,959 RCUIDS available for subscription under the Minimum Scenario less the total number of RCUIDS to which the Entitlement Undertakings relate i.e. 343,028,360 RCUIDS.
- (3) Calculated based on 100% of the Open Portion under the Maximum Scenario i.e. 1,022,382,800 RCUIDS, being the total number of 1,365,411,160 RCUIDS available for subscription under the Maximum Scenario less the total number of RCUIDS to which the Entitlement Undertakings relate i.e. 343,028,360 RCUIDS.
- (4) The underwriter(s) will be obligated to subscribe and pay for and/or procure subscription and payment for up to 100% of the Open Portion (up to 956,322,599 RCUIDS under the Minimum Scenario or up to 1,022,382,800 RCUIDS under the Maximum Scenario), which have not been subscribed by the Other Entitled Shareholders/ Renouncees/ Transferees. However, in the event that the full subscription basis (under the Minimum Scenario or Maximum Scenario, as the case maybe) is met via the subscription of the RCUIDS pursuant to the Entitlement Undertakings and the subscription of the RCUIDS by the Other Entitled Shareholders/ Renouncees/ Transferees, the underwriter(s) shall not be obligated to subscribe to any of the RCUIDS.

Further, after having considered the above, our Company is expected to remain in compliance with the public shareholding spread requirement which requires us to ensure that at least 25% of our total listed Shares (excluding treasury shares, if any) are in the hands of public shareholders as stipulated in Paragraph 8.02(1) of the Listing Requirements.

The Entitlement Undertakings will not give rise to a mandatory take-over obligation for the remaining AAGB Shares not already owned by the Undertaking Shareholders and/or persons acting in concert with them ("**Mandatory Offer**") as the RCUIDS do not carry any voting rights in our Company until and unless they are converted into new AAGB Shares. A Mandatory Offer will only arise if the conversion of the RCUIDS and/or exercise of the Warrants to be held by the Undertaking Shareholders and/or persons acting in concert with them result in their collective shareholdings in our Company exceeding 33%. The Undertaking Shareholders have confirmed that they will at all times observe and ensure compliance with the Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the SC and will seek from the SC the necessary exemptions from undertaking a Mandatory Offer as a result of the conversion of the RCUIDS and/or exercise of the Warrants, if required.

## **2.6 Foreign Addressed Shareholders**

This Circular does not constitute the making available of an offer for the subscription or purchase of, or an invitation for the subscription or purchase of, any securities by or on behalf of our Company.

The Abridged Prospectus together with the accompanying notices of provisional allotment and the rights subscription forms to be issued in connection with the Proposed Rights Issue are not and will not be made to comply with the laws of any country or jurisdiction other than Malaysia, and have not and will not be registered or approved under any applicable securities legislation of any country or jurisdiction other than Malaysia. The Proposed Rights Issue will not be offered for purchase or subscription in any country or jurisdiction other than Malaysia.

Accordingly, the Abridged Prospectus together with the accompanying documents will only be sent to the Entitled Shareholders who have a registered address or an address for service in Malaysia as registered in our Record of Depositors as at the Entitlement Date. Foreign Addressed Shareholders who wish to provide Malaysian addresses should inform their respective stockbrokers to effect the change of address before the Entitlement Date.

Alternatively, such Foreign Addressed Shareholders may collect the Abridged Prospectus from our share registrar, who will be entitled to request for such evidence as it deems necessary to satisfy themselves as to the identity and authority of the person collecting the Abridged Prospectus.

Our Company will not make or be bound to make any enquiry as to whether the Entitled Shareholders have a registered address other than as stated in our Record of Depositors as at the Entitlement Date and will not accept or be deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith.

Foreign Addressed Shareholders may only exercise their rights in respect of the Proposed Rights Issue to the extent that it would be lawful to do so, and our Company, RHB Investment Bank and our share registrar would not, in connection with the Proposed Rights Issue, be in breach of the laws of any country or jurisdiction which the Foreign Addressed Shareholders and/or their renouncee(s) or transferee(s) (if applicable) might be subject to.

Foreign Addressed Shareholders will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such foreign country or jurisdiction and our Company will be entitled to be fully indemnified and held harmless by such foreign applicants for any issue, transfer or any other taxes or duties as such person may be required to pay. Foreign Addressed Shareholders will have no claims whatsoever against our Company, RHB Investment Bank and our share registrar in respect of their rights or entitlements under the Proposed Rights Issue. Such Foreign Addressed Shareholders should also consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to exercise their rights in respect of the Proposed Rights Issue.

Foreign Addressed Shareholders will be solely responsible to seek advice as to the laws of any jurisdiction to which they may be subject, and participation by the Foreign Addressed Shareholders in the Proposed Rights Issue must be on the basis of a warranty by them that they may lawfully so participate without our Company, RHB Investment Bank or our share registrar being in breach of the laws of any jurisdiction.

Neither our Company, RHB Investment Bank, our share registrar nor our other advisers to the Proposed Rights Issue will accept any responsibility or liability in the event that any acceptance of a Foreign Addressed Shareholder of his/her rights in respect of the Proposed Rights Issue is or becomes illegal, unenforceable, voidable or void in any country or jurisdiction.

Foreign Addressed Shareholders who do not provide an address in Malaysia or who are not entitled to subscribe for the RCUIDS under the Proposed Rights Issue under the laws and jurisdiction to which they are subject to will have no claims whatsoever against our Company, RHB Investment Bank, our share registrar or our other advisers in respect of their rights, entitlements or any net proceeds arising from the Proposed Rights Issue.

Our Company reserves the right in our absolute discretion to treat any acceptance as being invalid if we believe or have reason to believe that such acceptance may violate applicable legal or regulatory requirements.

### 3. UTILISATION OF PROCEEDS

The Proposed Rights Issue is expected to raise gross proceeds of approximately RM615.9 million under the Minimum Subscription Level and up to approximately RM1,024.1 million under the Full Subscription Level.

Our Company intends to utilise the proceeds arising from the Proposed Rights Issue in the following manner:

<b>Utilisation purposes</b>	<b>Minimum Subscription Level (RM'000)</b>	<b>Full Subscription Level (RM'000)</b>	<b>Estimated timeframe for utilisation of proceeds*</b>
Fuel hedging settlement <sup>(1)</sup>	96,742	226,742	Within 5 months
Aircraft lease and maintenance payments <sup>(2)</sup>	145,238	202,764	Within 12 months
AirAsia Digital's business units <sup>(3)</sup>	36,310	73,732	Within 12 months
General working capital <sup>(4)</sup>	325,874	508,488	Within 12 months
Estimated expenses in relation to the Proposed Rights Issue <sup>(5)</sup>	11,728	12,332	Within 3 months
<b>Total</b>	<b>615,892</b>	<b>1,024,058</b>	

**Notes:**

\* From the date of completion of the Proposed Rights Issue.

- (1) Refers to fuel hedges entered into prior to year 2020 and given deferred payment terms of 2 years, which will become due in year 2022.
- (2) Under both the Minimum Subscription Level and Full Subscription Level, our Company intends to allocate 70% and 30% of the proceeds earmarked for aircraft lease payments and aircraft maintenance payments, respectively. We intend to utilise the funds to make payments for maintenance to ensure that the aircrafts remain fit for flying as our Group ramps up our operations in-line with the re-opening of interstate travel and international travel. We will also utilise the funds to fulfil aircraft lease obligations to the lessors who have restructured the lease contracts, as our Group only expects the future revenue to be generated from flights upon recovery of travel industry to achieve adequate cashflow level to fulfil its aircraft lease obligations over a period of time, due to the size of the fleet of our Group.
- (3) Our Group has been growing its digital pillar via AirAsia Digital's subsidiaries, in line with our Group's transformation into a digital lifestyle company, anchored on travel. Our Company intends to earmark approximately RM36.3 million under the Minimum Subscription Level and up to approximately RM73.7 million under the Full Subscription Level for marketing expenses, product and market expansion costs, as well as technology development costs for initiatives under AirAsia Digital's business units, namely airasia super app and Teleport, as follows:

	<b>Indicative allocation (%)</b>
<b>airasia super app</b>	
- Marketing expenses	40.0
- Technology development costs	20.0
<b>Teleport</b>	
- Product and market expansion costs	20.0
- Working capital	20.0
<b>Total</b>	<b>100.0</b>

Please refer to Section 5.4 of this Circular for further details on our Group's airasia super app and Teleport product offerings under AirAsia Digital.

Any variation to the amounts allocated for the marketing expenses, technology development costs, product and market expansion costs and working capital for airasia super app and Teleport will result in an adjustment to/from the portion being earmarked for the general working capital of our Company, AirAsia Berhad and/or our other subsidiaries.

- (4) Our Company intends to earmark approximately RM325.9 million under the Minimum Subscription Level and up to approximately RM508.5 million under the Full Subscription Level to fund the general working capital of our Company, AirAsia Berhad (other than intercompany loan transactions involving AirAsia Berhad and/or any of its affiliates) and/or our other subsidiaries. The said proceeds will be used to finance the day-to-day operations as and when the need arises, which include staff-related costs, variable costs (i.e., jet fuel, user charges, power-by-the-hour maintenance costs, etc.), IT operating expenses and other general working capital requirements, as follows:

	<b>Indicative allocation (%)</b>
Staff-related costs <sup>(a)</sup>	50-70
Variable costs – jet fuel, user charges, power-by-the-hour maintenance costs, etc. <sup>(b)</sup>	10-30
IT operating expenses and other general working capital requirements <sup>(c)</sup>	20

- (a) As our Group prepares for the recovery of travel, we expect the staff-related costs to increase when our Group starts to gradually ramp-up flights. Cabin crew and pilots on unpaid leave of absence would be reinstated for duty in stages. In addition, staff-related costs also include mandatory training for pilot and cabin crew to achieve the required minimum flying hours before they can fly, and safe flying related costs such as Covid-19 self-test kits, masks and protection gears for the cabin crew.

- (b) *Power-by-the-hour maintenance refers to the maintenance, repair and overhaul programme for our Group's aircraft engine which is tagged to the flying hours of the engine.*
- (c) *Other general working capital requirements include back-office support services fees payable to the shared services subsidiary of our Group, and office and airport office maintenance related expenses which will include additional costs for sanitisation.*

*The allocation and breakdown of the proceeds to be utilised for the general working capital of our Company, AirAsia Berhad and/or our other subsidiaries as disclosed above is indicative and subject to change due to the nature of business of the said companies' operations.*

- (5) *The estimated expenses under the Minimum Subscription Level and Full Subscription Level consist of the following:*

<b><i>Estimated expenses</i></b>	<b><i>Minimum Subscription Level (RM'000)</i></b>	<b><i>Full Subscription Level (RM'000)</i></b>
<i>Professional fees<sup>(a)</sup></i>	10,212	10,782
<i>Fees payable to the relevant authorities<sup>(b)</sup></i>	388	388
<i>Other expenses in relation to the Proposed Rights Issue<sup>(c)</sup></i>	1,128	1,162
<b><i>Total</i></b>	<b><i>11,728</i></b>	<b><i>12,332</i></b>

- (a) *Comprising fees payable to the Principal Adviser, legal adviser, underwriter(s), Shariah Adviser, Trustee, share registrar and other professionals.*
- (b) *Comprising fees payable to Bursa Securities, SC and the Registrar of Companies.*
- (c) *Comprising expenses to convene the EGM, printing and advertising costs, sales and service tax of the professional fees and other ancillary expenses incurred in relation to the Proposed Rights Issue.*

*Any variation to the actual amount of expenses for the Proposed Rights Issue will result in an adjustment to/from the portion being earmarked for the general working capital of our Company, AirAsia Berhad and/or our other subsidiaries.*

The actual proceeds to be raised from the Proposed Rights Issue is dependent on the total number of issued Shares on the Entitlement Date and the final subscription level of the Proposed Rights Issue. Any difference in the actual proceeds raised from the Proposed Rights Issue will be adjusted proportionately against the amounts earmarked for fuel hedging settlement, aircraft lease and maintenance payments, AirAsia Digital's business units and general working capital of our Company, AirAsia Berhad and/or our other subsidiaries, based on the proportions as set out under the Full Subscription Level above.

Pending utilisation of the proceeds arising from the Proposed Rights Issue for the abovementioned purposes, the proceeds will be placed in Shariah-compliant deposits or investment accounts or invested in Islamic short-term money market instruments as our Board may deem fit to earn profit. The profit derived from the Shariah-compliant deposits or investment accounts or any profit arising from the Islamic short-term money market instruments, if any, will be utilised for our Group's general working capital at the relevant point in time.

No proceeds will be raised arising from the conversion of the RCUIDS into new AAGB Shares as the conversion will not require any cash payment by the RCUIDS Holders and will be wholly satisfied through the surrender of RCUIDS with an aggregate nominal value equivalent to the Conversion Price for cancellation by our Company.



The exact quantum of proceeds arising from the exercise of the Warrants is dependent upon the Exercise Price, the final subscription level of the Proposed Rights Issue and the actual number of Warrants exercised during the tenure of the Warrants. The proceeds to be raised from the exercise of the Warrants, if any, will be utilised for our Group's general working capital at the relevant point in time. Pending utilisation of the proceeds to be raised from the exercise of the Warrants, the proceeds will be placed in Shariah-compliant deposits or investment accounts or invested in Islamic short-term money market instruments as our Board may deem fit to earn profit.

For the avoidance of doubt, the proceeds to be raised from the Proposed Rights Issue and the exercise of the Warrants, if any, will be used for Shariah-compliant purposes only.

#### **4. RATIONALE FOR THE PROPOSED RIGHTS ISSUE**

The Proposed Rights Issue will enable our Company to raise funds for the various segments of our Group's businesses as set out in Section 3 of this Circular.

The Proposed Rights Issue is also undertaken in response to a series of unexpected events outside our Group's control, primarily attributed to the outbreak of the global COVID-19 pandemic which has created significant challenges for the airline industry. Travel restrictions imposed by various governments across the globe have led to significantly reduced inbound and outbound passenger traffic for our Group and uncertainty over our Group's future prospects and operations.

Our Board has considered the following factors before embarking on the Proposed Rights Issue:

##### **Impact on business operations**

Our Group's revenue for the FYE 31 December 2020 plunged by approximately 74% from approximately RM11.9 billion for the FYE 31 December 2019 to approximately RM3.1 billion due to the COVID-19 pandemic which saw many countries announced lockdowns and border restrictions. For the 6-month FPE 30 June 2021, our Group's revenue decreased by 72% from approximately RM2.5 billion for the 6-month FPE 30 June 2020 to approximately RM686.8 million as the impact of the COVID-19 pandemic continues to affect our Group's operations adversely. Our Group had also hibernated its fleet since the end of the first quarter of 2020 to contain its operating expenses and has focused on providing limited domestic operations in the countries it operates. Our Group continues with its cost containment measures, including the right sizing of manpower and salary cuts for management, staff and directors, while efforts to preserve cash include negotiations for restructuring of payments with lessors, suppliers and partners as well as restructuring of fuel hedging positions. At the same time, our Group is actively managing capacity to be in line with demand.

Our Group reported a LAT of approximately RM5,111.7 million for the FYE 31 December 2020, as compared to the LAT of approximately RM315.8 million for the FYE 31 December 2019. For the FYE 31 December 2020, the number of passengers carried by our Group dropped by 74% against a 71% decrease in capacity and a 77% decrease in revenue passenger kilometres, as compared to the FYE 31 December 2019. Due to the current economic conditions impacting the airlines, our Group has incurred an extraordinary impairment of rights-of-use assets of approximately RM552.3 million, impairment of receivables, amount due from an associate and related parties and investment in an associate totaling RM1,427 million and fuel swap losses of approximately RM972.2 million for the FYE 31 December 2020. Our Group recorded lower LAT of approximately RM1.3 billion for the 6-month FPE 30 June 2021, compared to the LAT of approximately RM1.8 billion for the 6-month FPE 30 June 2020. A major portion of the loss for the period relates to depreciation of right-of-use assets and interest expenses on lease liabilities amounting to approximately RM832.7 million and RM227.9 million, respectively.

Overall, in line with expected timeline of the vaccinations and the gradual ramp-up in demand for air travel, our Group will continue to exercise its active capacity management strategy and is targeting to operate approximately 40-50% of its 2019 pre-COVID-19 capacity by the end of 2021, with thereafter the corresponding ramp-up in its flight schedule to normalcy. It will continue to assess the potential of increasing more flights and adding destinations for its customers in the coming months; however, these plans remain contingent on the further relaxation or tightening of government health measures.

Please refer to **Appendix III** of this Circular for further financial information of our Group.

### **Impact of the Proposed Rights Issue and value creation of the Proposed Rights Issue to our Group and our shareholders**

The Proposed Rights Issue will enable our Company to raise funds to provide our Group with sufficient funding to ride through the current challenging environment and meet our Group's funding requirements, as detailed in Section 3 of this Circular. The Proposed Rights Issue which is expected to raise gross proceeds of between RM615.9 million and RM1,024.1 million under the Minimum Subscription Level and Full Subscription Level respectively, will also enhance our Group's financial position with an increase in the net assets and improvement in the gearing of our Group upon the conversion of the RCUIDS and the exercise of the Warrants as illustrated in Section 6.2 of this Circular.

After due consideration of the various methods of fund-raising available, our Board is of the opinion that the Proposed Rights Issue is the most appropriate avenue of raising funds given the prevailing market conditions, after taking into consideration, among others, the following factors:

- (i) the issuance of the RCUIDS would enable our Group to secure funding of up to approximately RM1,024.1 million, at a fixed funding cost for a period of 7 years, thereby reducing our Group's exposure to interest rate fluctuations, which in turn would enable our Group to manage its cash flows more efficiently;
- (ii) the issuance of the RCUIDS would minimise the immediate dilution effect on our Company's EPS, which would otherwise arise from a pure equity issuance, as the RCUIDS are expected to be converted over a period of time by the Entitled Shareholders to increase their equity participation in our Company;
- (iii) our Company would be able to strengthen its eventual capital base upon the conversion of the RCUIDS and exercise of the Warrants and thus, improve its eventual net assets position; and
- (iv) the proceeds to be received by our Company from any exercise of the Warrants by the Warrants Holders will provide additional funds to our Group to finance its working capital requirements without incurring any interest costs from bank borrowings.

The RCUIDS provides an opportunity to the Entitled Shareholders to subscribe to unsecured equity-linked debt securities with a reasonably attractive profit rate of 8% per annum (as compared to the prevailing 5-year MGS's indicative yield of approximately 2.60% as at May 2021, being the latest available information prior to the announcement of the Proposed Rights Issue dated 12 July 2021). Furthermore, the RCUIDS with Warrants are offered to all the Entitled Shareholders on a pro-rata basis which allows equal opportunity for the Entitled Shareholders to further increase their equity participation in our Company through the conversion of the RCUIDS at the Conversion Price and exercise of the Warrants at a pre-determined Exercise Price to be fixed later. The Warrants attached to the RCUIDS will be issued at no cost to the Entitled Shareholders and/or their renouncee(s) or transferee(s) who subscribe to the RCUIDS and hence, is expected to incentivise them to subscribe for the RCUIDS.



## **Adequacy of the Proposed Rights Issue in addressing our Group's financial concerns**

The Proposed Rights Issue will not fully address our Group's current financial concerns as the estimated gross proceeds of up to approximately RM1,024.1 million may not be sufficient to meet its long-term cash flow requirements in the wake of the COVID-19 pandemic, with the full recovery of our Group's business remaining uncertain at this juncture. For our shareholders' information, the Proposed Rights Issue forms one part of our Group's capital raising plan which entails a combination of debt and equity fund-raising initiatives, including the Private Placement as well as bank borrowings, which enables our Group to raise funds to meet the near to medium-term cash flow requirements of our Group.

The Proposed Rights Issue will serve as an interim measure to address the near-term cash flow requirements of our Group whilst our management continues to explore other available options and/or corporate proposals to be undertaken with the intention to improve our Group's financial performance in the longer term.

## **Measures taken by our Group to improve its financial performance and condition**

Our Group has undertaken the following measures to improve its financial performance and strengthen its financial position:

- (i) reduced our Group's operating expenses by implementing cost cutting measures such as right sizing of manpower, salary cuts for management, staff and directors, negotiation of aircraft lease restructuring with lessors, suppliers and partners, and restructuring of fuel hedging positions. Further to working capital management, our Group has also significantly reduced its cash burn rate through various cost containment and optimisation measures during the FYE 31 December 2020. This has resulted in a reduction in fixed costs by 44% in the first half of 2021 compared to the first half of 2020;
- (ii) ensuring its liquidity and capital adequacy. As at 31 December 2020, our Group has secured term loans and revolving credits of RM300 million from a financial institution, sale and leaseback of 7 engines which raised approximately RM400 million, and disposed 33% equity interest in AirAsia (India) Limited which raised approximately RM152.9 million. Subsequent to the FYE 31 December 2020, our Group has completed 2 tranches of Private Placement involving the issuance of approximately 470.2 million Placement Shares and raising total proceeds of approximately RM336.5 million, and disposed its entire holding of approximately 3.3 million common shares in Fly Leasing Limited which raised approximately RM240.0 million;
- (iii) continue to grow our digital businesses. The digital businesses are envisaged to cover e-commerce, logistics and fintech across the ASEAN region through our Group's super app and BigPay app, which is intended to have an extensive reach to customers and low customer acquisition cost; and
- (iv) implement continuous flight capacity and network revenue management in response to global travel restrictions and the current progressive uplifting of travel restrictions by the respective countries. This is evidenced by our Group's active fleet management, with management making timely decisions to either reinstate flights or hibernate the fleet as and when necessary. The capacity of the flights moves in tandem with local regulatory requirements and developments of active COVID-19 cases of the corresponding flight destinations. Our Group consistently monitors the route profitability and concentrates on the most profitable and popular routes. Due to this uncertainty, our Group has been and will continue to adjust future available capacity to match observed booking trends for future travel to optimise the load factors of each flight.

In the longer term, all aspects of our Group's business model will be actively re-evaluated. Our management team will recommend to our Board the optimum capital structure and operational strategy of our Group to meet the air travel needs of its customers while keeping our Group's financial status at a healthy level and meeting its responsibilities to shareholders. This may involve rationalisation of future planned capacities compared to before the pandemic, taking into account the market outlook and cost structure at that time.

Our Board will continue to explore opportunities to improve our Group's capital structure. If suitable market conditions arise, our Group may further access the equity and debt capital markets to further strengthen its balance sheet.

*(Source: Our management)*

## **5. INDUSTRY OUTLOOK AND PROSPECTS OF OUR GROUP**

### **5.1 Overview and outlook of the Malaysian economy**

The Malaysian economy expanded by 16.1% in the second quarter of 2021 (1Q 2021: -0.5%). Growth was supported mainly by the improvement in domestic demand and continued robust exports performance. The strong growth also reflected continued policy support and the low base from the significant decline in activity during the second quarter of 2020. Economic activity picked up at the start of the second quarter but slowed following the re-imposition of stricter nationwide containment measures, particularly under Phase 1 of the Full Movement Control Order ("**FMCO**"). For the second quarter as a whole, all economic sectors registered an improvement, particularly the manufacturing sector. On the expenditure side, growth was driven by higher private sector spending and strong trade activity. On a quarter-on-quarter seasonally-adjusted basis, the economy registered a decline of 2.0% (1Q 2021: 2.7%), due to the containment measures.

On the sectoral front, double-digit growth was recorded across most economic sectors in the second quarter of 2021. The services sector expanded by 13.4% (1Q 2020: -2.3%). Growth was supported by a nascent recovery in consumer-related activities in April and May 2021. This was, however, partially reversed by the re-imposition of restrictions on non-essential retail activities, dine-ins and inter-district and inter-state travel. Meanwhile, the information and communication subsector continued to benefit from rising demand for e-commerce and e-payment activity, as well as remote working and learning arrangements.

Domestic demand turned around to register a positive growth of 12.3% (1Q 2021: -1.0%) in the second quarter of 2021, mainly supported by private sector expenditure. On the external front, demand for Malaysia's exports, particularly for electrical and electronics products, continued to remain robust.

Private consumption growth increased by 11.6% during the quarter (1Q 2021: -1.5%), following a broad-based expansion across both necessity and discretionary items, particularly at the start of the quarter, prior to the imposition of FMCO. This was due mainly to less stringent containment measures and mobility restrictions in the first half of the quarter. Labour market conditions also showed signs of improvement in the same period, which lent support to household spending. Furthermore, various policy measures, including the *EPF i-Sinar* withdrawals and *Bantuan Prihatin Rakyat*, provided additional lift to consumer expenditure.

Public consumption expanded by 9.0% (1Q 2021: 5.9%), mainly on account of higher spending on supplies and services.

Headline inflation, as measured by the annual percentage change in the Consumer Price Index, recorded a sharp increase to 4.1% during the quarter (1Q 2021: +0.5%), driven mainly by transitory factors. In particular, as expected, the elevated headline inflation was largely due to base effects from the low domestic retail fuel prices last year, as well as the lapse in the effect from the tiered electricity tariff rebate.

Gross exports grew at a faster pace of 44.0% (1Q 2021: 18.0%). The strong exports performance was broad-based across products and markets, underpinned by improving external demand. Gross imports also registered a higher growth of 33.3% (1Q 2021: 10.0%), due mainly to a stronger expansion in intermediate imports. The trade surplus amounted to RM56.4 billion (1Q 2021: RM58.7 billion).

The Malaysian economy was on track for a broad recovery in 2021 as compared to last year. However, the resurgence of COVID-19 cases has necessitated the re-imposition of nationwide containment measures, which would weigh on growth. Nevertheless, the impact will be partially mitigated by continued allowances for essential economic sectors to operate, higher adaptability to remote work, as well as increased automation and digitalisation. Growth will continue to be supported by policy measures, which will provide cash flow support, particularly for affected households and businesses. Going forward, the economic recovery will be underpinned by higher external demand and gradual improvement in domestic demand. The rapid progress of the nationwide vaccination programme will allow economic sectors to be gradually reopened and provide some lift to household and business sentiments.

Against this backdrop, for 2021, the Malaysian economy is projected to expand within the range of 3.0%–4.0%, although the pace of recovery will be uneven across sectors. The recovery is expected to accelerate going into 2022, supported by normalisation of economic activities as well as the positive spillovers from continued improvement in external demand.

The balance of risks remains tilted to the downside, arising mainly from pandemic-related factors, such as delay in the easing of containment measures or imposition of tighter containment measures, and a weaker-than-expected global growth recovery.

*(Source: BNM Quarterly Bulletin 2Q 2021, Bank Negara Malaysia)*

## **5.2 Overview and outlook of the aviation industry in Malaysia**

Global airline share price index increased in September with the reopening expectations of the US-Europe travel. Although the year-to-date performance of the index is still lagging wider global equity markets, gap narrowed in September. Brent crude oil and jet fuel prices picked up in September amidst rising optimism about fuel demand recovery.

Expectations regarding the reopening of US-Europe market supported airline stocks in September. Progress on the vaccine rollout has also increased optimism of future travel recovery. Airline share prices increased in all regions in September compared with the previous month.

The recovery in airline stocks has been limited since the beginning of the year due to the uncertainty of full reopening of international travel. Nevertheless, airline shares performed better in September than wider global equity markets. As a result, the year-to-date performance gap narrowed between global airline stock index and wider global equity markets (7.9% vs. 10.5%).

The larger sample of Q2 2021 financial results confirms that net losses of airlines at the aggregated level moderated compared with Q1 2021. EBIT margins remained negative in all regions. Looking forward, financial performance will improve with the loosening of travel restrictions but it will be varied across regions.

In Q2 2021, passenger revenues declined by 61% compared to the pre-crisis levels (Q2 2019). Robust cargo revenues continued to support airlines (up 46%) since both demand and yields remained strong. At the regional level, North American airlines showed the most resilient passenger revenues (-48%). In terms of cargo revenues, Asia Pacific and Middle Eastern carriers performed better than the other regions.

The fall in operating costs remained short of the decline in revenues. Operating expenses in IATA's sample of airlines went down by 31% in 2Q21 compared with the pre-crisis levels, due to the volume-related decline in fuel costs, landing fees and user charges. The fall in labour cost was limited to 23%.

In IATA's larger sample of airline financials, the cash flow generation improved in Q2 2021. The industry-wide improvement was largely driven by North American airlines amidst the rebound in bookings for domestic travel.

Financial performance of airline industry is expected to improve further with the loosening of travel restrictions in 2022 but it will be varied across regions. North America will continue to be the best performer amongst all regions.

*(Source: Airlines Financial Monitor (August-September 2021), Economic Reports, IATA)*

The reopening of Malaysia's international borders is subject to the approval by the National Security Council, as well as the latest situation of the COVID-19 pandemic in Malaysia and in other countries. However, for borders to be reopened and international travel to commence once again, the verification of vaccination certificates as well as the implementation of quarantine SOPs must be accepted worldwide.

Malaysia is looking at the implementation of a digital health pass, such as the IATA Travel Pass to facilitate post-pandemic travels. The travel pass informs passengers on the tests, vaccines, and other measures they require prior to travel, details on where they can get tested, and gives them the ability to share their tests and vaccination results in a verifiable, safe, and privacy-protecting manner. Adopting the IATA Travel Pass would be a booster particularly for international passenger movements.

Furthermore, the implementation of air travel bubbles between green zone countries could increase the international passenger traffic.

*(Source: Malaysia's 2021 Air Passenger Traffic Forecast Revision, April 2021, Malaysian Aviation Commission)*

### **5.3 Impact of COVID-19 on our Group**

The COVID-19 pandemic has been declared a global health pandemic by the World Health Organisation. COVID-19 has surfaced in nearly all regions of the world, which has driven the implementation of significant, government-imposed measures to prevent or reduce its spread, including travel restrictions, testing regimes, closing of borders, "stay at home" orders and business closures. In addition, the resurgence of COVID-19 cases in the respective countries have prompted the governments to impose domestic and international travel restrictions and these restrictions are hindering the recovery of demand for air travel. As a result, our Group has experienced an unprecedented decline in the demand for air travel, which resulted in a material deterioration in our Group's revenue and cash flows, as well as impairment of financial and non-financial assets.

Following the outbreak of the COVID-19 pandemic, our Group has implemented several measures to weather through this current challenging time. These efforts are on-going as our Group continues to seek support from vendors and business partners to address its cash flow requirements.

In 2020, our Group laid the right foundations as a leaner and more optimised airline operations, which paid off with lower cost and cash burn in the first half of 2021 compared to the first half of 2020. This was despite starting 2021 with international borders remaining closed and further domestic travel restrictions put into place as many countries experienced its third wave of the COVID-19 pandemic.

In the first half of 2021, our Group's cost containment measures continued to support liquidity, with fixed costs reduced by 44% compared to the first half of 2020 and remain on a QoQ downtrend since COVID-19 hit a year ago. Further, airline staff cost reduced 47% YoY due to headcount rationalisation, salary cuts and attrition during the same period. Our Group has also received continued support from lessors and banks for deferrals, as evidenced by the 41% YoY reduction in repayment of borrowings and lease liabilities in the first half of 2021.

Concurrently, our Group's digital arm continues to gain traction, with our digital businesses contributing 49% to our Group's revenue in the first half of 2021, compared to 10% in the first half of 2020. Our Group's airasia super app recorded an increase in revenue of 40% for the first half of 2021 compared to the first half of 2020. BigPay's earnings before interest, tax, depreciation and amortisation in the first half of 2021 narrowed to 26% YoY as costs were reduced by 19% during the period. Meanwhile, Teleport's revenue grew 23% in the first half of 2021 as there were more cargo-only flights especially to China, India and Thailand.

Our Group's AOCs experienced slower operations in the early start of 2021 due to rising COVID-19 cases in its operating markets. AirAsia Indonesia operated close to 70% of pre-COVID-19 domestic capacity in the first quarter of 2021, demonstrating strong signs of recovery. The drop in January 2021 compared to the preceding month was due to low travel season combined with the government's tighter restrictions on travel. Thai AirAsia Co., Ltd. managed to resume all domestic routes by the end of March 2021. However, it is being impacted by the third COVID-19 wave that began in early April 2021. Meanwhile, our Group's recovery in Malaysia remains subdued due to the lockdown imposed since early January 2021. Our Group expects domestic operations in Malaysia and Philippines to be sub-25% of pre-COVID-19 levels until December 2021 while more people are vaccinated.

As for the performance in the second quarter of 2021, AirAsia Philippines progressed steadily with 2% increase in the number of passengers carried and 4 percentage points ("ppts") increase in load factor to achieve a commendable 78%, whilst AirAsia Indonesia's load factor increased by 11 ppts QoQ. Our Group remains committed to strengthen our domestic foothold whilst awaiting positive developments on international air travel. Expectations of high vaccination rates in ASEAN countries by the end of 2021 is lending confidence on upcoming recovery, enhanced by our Group's robust short-haul model, in addition to leaner and optimal operations.

Nonetheless, our Group's management remains confident in its ability to recover quickly and strongly due to pent-up demand. Our Group's observation shows that whenever there is a relaxation in domestic travel, there would be a significant spike in spontaneous travel resulting in an increase in forward bookings.

*(Source: Our management)*

#### **5.4 Prospects of our Group**

Our Group's efforts in laying the right foundations as a leaner and more optimised airline operations in 2020 began to pay off as our Group witnessed lower costs and cash burn QoQ in the first half of 2021 despite 2021 began with international borders remain closed and further domestic travel restrictions being put in place as many countries experienced its third wave of the COVID-19 pandemic. Our Group will continue to ensure that cash burn remains low and cost optimisation measures continue to be implemented. Our Group remains focused and committed to further strengthen its domestic position at this juncture as regional borders have started to open in the third quarter of 2021 and our Group awaits further developments with regards to more border re-openings and the return of international air travel to pre-COVID-19 levels in due course. Going forward, our Group expects to see improved stability in its operations as vaccinations continue to be rolled out in phases across all key markets coupled with better education and testing, alongside strong support for leisure travel bubbles among low-risk countries and territories, and the push for global digital health passports.

Our Group continues to accelerate its offerings within the portfolio companies with the launch of airasia beauty in Malaysia and Indonesia and airasia food bringing its offerings to Singapore, Penang, Kota Kinabalu, Johor Bahru, Melaka and Bangkok. Our Group has also launched airasia money in April 2021, beginning with a partnership with financial comparison platform RinggitPlus. Through its partnership with the platform, airasia money currently provides credit card and loan application services. The financial marketplace will also allow users to obtain the best personal finance news, information, guidance and make the best choices for their immediate needs. Our Group is encouraged by the early signs from its digital transformation to become ASEAN's super app of choice and expects its digital and non-airline revenues to contribute around 50% to our Group in five years. Teleport is focusing on building out a reliable cargo network and a 24-hour delivery end-to-end infrastructure to increase independence from passenger networks during these tough times and is in the midst of leasing a freighter aircraft and is converting two A320 passenger planes to cargo-only freighter planes in order to achieve the plan.

Despite the on-going challenges, our Group will continue to ensure that cash burn remains low and cost optimisation measures continue to be implemented, including but not limited to the right sizing of manpower and salary cuts for management, staff and directors whilst actively managing capacity to be in line with demand. Our Group is also in discussions with a number of parties for joint-ventures and collaborations that may result in additional third party investments in specific segments of our Group's business.

Our digital businesses leverage on our Group's physical and digital assets to create an ecosystem of businesses that connect with its customers in their everyday life. The product offerings include, but are not limited to, the following:

- (i) airasia super app, our Group's all-in-one digital lifestyle platform, allowing customers to purchase a range of travel and lifestyle products on a single platform, covering travel (flights, hotels, SNAP, activities, ancillary products, health, etc.), e-commerce (AirAsia Shop, AirAsia Food, AirAsia Grocer) and finance (BigPay, Big Rewards, Big Xchange, Insurance, etc.). Further, our Group launched airasia food in Singapore and Thailand, and expanded to Penang, Kota Kinabalu, Johor Bahru and Melaka in Malaysia. In August 2021, airasia super app launched airasia rides, an e-hailing service, starting in the Klang Valley, with expansion to more cities in Malaysia planned throughout the year. The sale of the 'AirAsia Unlimited Pass' in Malaysia, Thailand and Indonesia exceeded more than 200,000 passes. In the second quarter of 2021, airasia super app launched airasia beauty in Malaysia and Indonesia, with the next country launch targeted for Thailand;
- (ii) Teleport, our Group's tech-driven cross-border logistics solution which includes first mile and last mile deliveries serving business to business, business to consumers and consumers to consumers, customers, as well as the food businesses under our Group's e-commerce division. In the first half of 2021, Teleport's revenue increased 23% compared to the first half of 2020 as there were more cargo-only flights especially to China, India and Thailand. Teleport has initiated its aspiration to establish a cargo-only core network, and is working to establish a stable network of core routes that is independent from the passenger network as the region prepares for the rebound from COVID-19. With the expected post-COVID-19 economic rebound and the opening of borders across different countries, Teleport is confident that this will create ideal conditions and an increase in demand for cross-borders deliveries across ASEAN; and
- (iii) BigPay, which currently offers payment solutions and remittances, as well as lending solutions in the near future. BigPay had on 30 June 2021 submitted its application for a digital banking license to Bank Negara Malaysia, together with a consortium of strategic partners which includes Malaysian Industrial Development Finance Berhad, Ikhlas Capital Master Fund Pte. Ltd. and a foreign conglomerate with fintech expertise. In August 2021, BigPay secured up to USD100.0 million in financing led by SK Group, a South Korean conglomerate, supercharging its mission to become the leading challenger bank in ASEAN.



In conjunction with our Group's emphasis on its digital transformation, combined with strict internal cost controls and safety measurements, the management believes that the aforementioned actions taken by our Group positions it to be on a strong footing to recover quickly.

(Source: Our management)

## 6. EFFECTS OF THE PROPOSED RIGHTS ISSUE

### 6.1 Issued share capital

For illustration purposes, the pro forma effects of the Proposed Rights Issue on the issued share capital of our Company are as follows:

	Minimum Scenario		Maximum Scenario	
	No. of Shares (‘000)	RM'000	No. of Shares (‘000)	RM'000
Existing share capital as at the LPD	3,898,053	8,462,770	3,898,053	8,462,770
New Shares to be issued pursuant to the Private Placement	-	-	198,181	<sup>(1)</sup> 239,719
	3,898,053	8,462,770	4,096,234	8,702,489
New Shares to be issued upon full conversion of the RCUIDS	1,299,351	920,657	1,365,411	967,464
	5,197,404	9,383,427	5,461,645	9,669,953
New Shares to be issued upon full exercise of the Warrants	649,675	<sup>(2)</sup> 677,908	682,705	<sup>(2)</sup> 712,374
<b>Enlarged share capital</b>	<b>5,847,079</b>	<b>10,061,335</b>	<b>6,144,350</b>	<b>10,382,327</b>

**Notes:**

- (1) For illustration purposes only, assuming the issuance of the remaining 198,180,602 Placement Shares at the illustrative issue price of RM1.2096 each, being the 5-day VWAP of AAGB Shares up to and including the LPD.
- (2) Assuming the Warrants are exercised into new AAGB Shares at the indicative Exercise Price of RM1.00 each and the corresponding reclassification of the warrant reserve amount to the share capital account.

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## 6.2 NA and gearing

For illustration purposes, the pro forma effects of the Proposed Rights Issue on the NA, NA per Share and gearing of our Group, based on the latest audited consolidated financial statements of our Company as at 31 December 2020, are set out below:

### Minimum Scenario

	Audited as at 31 December 2020	(I) Adjustments subsequent events up to the LPD	(II) After (I) and the Proposed Rights Issue	(III)(A) After (II) and assuming full redemption of the RCUIDS	(III)(B) After (II) and assuming full conversion of the RCUIDS	(IV)(A) After (III)(A) and assuming full exercise of the Warrants	(IV)(B) After (III)(B) and assuming full exercise of the Warrants
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Share capital	8,023,268	<sup>(1)</sup> 8,462,770	8,462,770	8,462,770	9,383,427	<sup>(6)</sup> 9,140,678	<sup>(6)</sup> 10,061,335
Merger deficit	(5,507,594)	(5,507,594)	(5,507,594)	(5,507,594)	(5,507,594)	(5,507,594)	(5,507,594)
Foreign exchange reserve	(57,378)	(57,378)	(57,378)	(57,378)	(57,378)	(57,378)	(57,378)
Equity component of RCUIDS	-	-	<sup>(2)</sup> 61,193	<sup>(4)</sup> -	-	-	-
Warrant reserve	-	-	<sup>(2)</sup> 28,233	28,233	28,233	<sup>(6)</sup> -	<sup>(6)</sup> -
(Accumulated losses)	(3,447,215)	<sup>(1)</sup> (3,573,073)	<sup>(3)</sup> (3,584,801)	<sup>(4)</sup> (3,497,984)	<sup>(5)</sup> (3,559,177)	(3,497,984)	(3,559,177)
Other reserves	(225,368)	(225,368)	(225,368)	(225,368)	(225,368)	(225,368)	(225,368)
<b>NA/ (NL)</b>	<b>(1,214,287)</b>	<b>(900,643)</b>	<b>(822,945)</b>	<b>(797,321)</b>	<b>62,143</b>	<b>(147,646)</b>	<b>711,818</b>

No. of Shares in issue ('000)	3,341,974	3,898,053	3,898,053	3,898,053	5,197,404	4,547,728	5,847,079
NA/ (NL) per Share (RM)	(0.36)	(0.23)	(0.21)	(0.20)	0.01	(0.03)	0.12
Total borrowings and lease liabilities (RM'000)	13,724,109	13,724,109	14,583,573	<sup>(7)</sup> 14,698,622	13,724,109	14,698,622	13,724,109
Gearing (times) <sup>(6)</sup>	N/A	N/A	N/A	N/A	220.85	N/A	19.28

### Notes:

<sup>(1)</sup> Taking into consideration of the following:

- (i) the issuance of 369,846,852 and 100,367,362 Placement Shares at the issue price of RM0.675 and RM0.865 respectively, and deducting estimated expenses of approximately RM5.7 million for the Private Placement; and
- (ii) the issuance of 85,864,583 new AAGB Shares pursuant to the Acquisition of BIGLIFE at the issue price of RM1.20 each and after adjusting for the following:

- (a) deduction of estimated expenses of RM0.8 million for the Acquisition of BIGLIFE; and



- (b) effects on the difference between the NA of the minority interest of BIGLIFE and its subsidiaries as compared to the purchase consideration of RM103.0 million pursuant to the Acquisition of BIGLIFE.
- (2) The estimated equity component of the RCUIDS arising from the Proposed Rights Issue is determined by adjusting the following from the gross proceeds to be raised from the Proposed Rights Issue under the Minimum Scenario of approximately RM974.5 million:
- (i) adding the estimated fair value of the embedded derivative asset in respect of the Early Redemption (as defined in **Appendix 1** of this Circular) option of the outstanding RCUIDS at the 4<sup>th</sup> anniversary of the Issue Date (as defined in **Appendix 1** of this Circular) at 105% of the nominal value of the RCUIDS of approximately RM2.6 million (based on the estimated pricing of 4-year 5% interest rate option of 0.358% as at 22 October 2021);
  - (ii) deducting the estimated fair value of the liability component of the RCUIDS of approximately RM859.5 million, which is estimated by discounting the profit payments of the RCUIDS over the RCUIDS tenure of 7 years and the RCUIDS redemption obligation (in accordance to the Redemption Schedule as set out in **Appendix I** of this Circular) at a discount rate of 11% (which is the estimated current borrowings rate of our Group); and
  - (iii) deducting the deferred tax liabilities arising from the initial recognition of the timing difference of the liability component of the RCUIDS and the embedded derivative asset of approximately RM28.2 million, based on the Malaysian statutory rate of 24%.
- Thereafter, the value is apportioned to the equity component of RCUIDS and warrant reserve accounts in proportion to the estimated fair value of the RCUIDS and Warrants, which is computed based on their respective theoretical fair values of RM0.6835 per RCUIDS and RM0.6307 per Warrant using Trinomial Option Pricing Model as extracted from Bloomberg.
- (3) After deducting estimated expenses of approximately RM11.7 million for the Proposed Rights Issue.
  - (4) After adjusting for the realisation of deferred tax arising from the accretion of the liability component of the RCUIDS and the reversal of the equity component of the RCUIDS to retained earnings.
  - (5) After adjusting for the realisation of deferred tax arising from accretion of the liability component of the RCUIDS.
  - (6) Assuming the Warrants are exercised into new AAGB Shares at the indicative Exercise Price of RM1.00 each and the corresponding reclassification of the warrant reserve amount to the share capital account.
  - (7) Assuming the redemption of the RCUIDS is funded via additional borrowings.
  - (8) During the FYE 31 December 2020, our Group's operations were significantly affected by the COVID-19 pandemic which led to operating losses. This has resulted in a negative gearing ratio as our Group has been relying on debt compared to equity to finance our Group's operations.

## Maximum Scenario

	Adjustments							
	(I)	(II)	(III)	(IV)(A)	(IV)(B)	(V)(A)	(V)(B)	
Audited as at 31 December 2020	(RM'000)	After (I) and the Private Placement	After (II) and the Proposed Rights Issue	After (III) and assuming full redemption of the RCUIDS	After (III) and assuming full conversion of the RCUIDS	After (IV)(A) and assuming full exercise of the Warrants	After (IV)(B) and assuming full exercise of the Warrants	
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Share capital	8,023,268	<sup>(1)</sup> 8,462,770	8,702,489	8,702,489	9,669,953	<sup>(7)</sup> 9,414,863	<sup>(7)</sup> 10,382,327	
Merger deficit	(5,507,594)	(5,507,594)	(5,507,594)	(5,507,594)	(5,507,594)	(5,507,594)	(5,507,594)	
Foreign exchange reserve	(57,378)	(57,378)	(57,378)	(57,378)	(57,378)	(57,378)	(57,378)	
Equity component of RCUIDS	-	-	<sup>(3)</sup> 64,304	<sup>(5)</sup> -	-	-	-	
Warrant reserve	-	-	<sup>(3)</sup> 29,668	29,668	29,668	<sup>(7)</sup> -	<sup>(7)</sup> -	
(Accumulated losses)	(3,447,215)	<sup>(1)</sup> (3,573,073)	<sup>(4)</sup> (3,585,404)	<sup>(5)</sup> (3,494,174)	<sup>(6)</sup> (3,558,478)	(3,494,174)	(3,558,478)	
Other reserves	(225,368)	(225,368)	(225,368)	(225,368)	(225,368)	(225,368)	(225,368)	
<b>NA/ (NL)</b>	<b>(1,214,287)</b>	<b>(900,643)</b>	<b>(579,283)</b>	<b>(552,357)</b>	<b>350,803</b>	<b>130,349</b>	<b>1,033,509</b>	

No. of Shares in issue ('000)	3,341,974	3,898,053	4,096,234	4,096,234	5,461,645	4,778,939	6,144,350
NA/ (NL) per Share (RM)	(0.36)	(0.23)	(0.16)	(0.13)	0.06	0.03	0.17
Total borrowings and lease liabilities (RM'000)	13,724,109	13,724,109	13,724,109	<sup>(8)</sup> 14,748,167	13,724,109	14,748,167	13,724,109
Gearing (times) <sup>(9)</sup>	N/A	N/A	N/A	N/A	39.12	113.14	13.28

### Notes:

(1) Taking into consideration of the following:

- (i) the issuance of 369,846,852 and 100,367,362 Placement Shares at the issue price of RM0.675 and RM0.865 respectively, and deducting estimated expenses of approximately RM5.7 million for the Private Placement; and
- (ii) the issuance of 85,864,583 new AAGB Shares pursuant to the Acquisition of BIGLIFE at the issue price of RM1.20 each and after adjusting for the following:
  - (a) deduction of estimated expenses of RM0.8 million for the Acquisition of BIGLIFE; and
  - (b) effects on the difference between the NA of the minority interest of BIGLIFE and its subsidiaries as compared to the purchase consideration of RM103.0 million pursuant to the Acquisition of BIGLIFE.

(2) For illustration purposes only, assuming the issuance of the remaining 198,180,602 Placement Shares at the illustrative issue price of RM1.2096 each, being the 5-day VWAP of AAGB Shares up to and including the LPD.

- (3) The estimated equity component of the RCUIDS arising from the Proposed Rights Issue is determined by adjusting the following from the gross proceeds to be raised from the Proposed Rights Issue under the Maximum Scenario of approximately RM1,024.1 million:
- (i) adding the estimated fair value of the embedded derivative asset in respect of the Early Redemption option of the outstanding RCUIDS at the 4<sup>th</sup> anniversary of the Issue Date at 105% of the nominal value of the RCUIDS of approximately RM2.7 million (based on the estimated pricing of 4-year 5% interest rate option of 0.358% as at 22 October 2021);
  - (ii) deducting the estimated fair value of the liability component of the RCUIDS of approximately RM903.2 million, which is estimated by discounting the profit payments of the RCUIDS over the RCUIDS tenure of 7 years and the RCUIDS redemption obligation (in accordance to the Redemption Schedule as set out in **Appendix I** of this Circular) at a discount rate of 11% (which is the estimated current borrowings rate of our Group); and
  - (iii) deducting the deferred tax liabilities arising from the initial recognition of the timing difference of the liability component of the RCUIDS and the embedded derivative asset of approximately RM29.7 million, based on the Malaysian statutory rate of 24%.
- Thereafter, the value is apportioned to the equity component of RCUIDS and warrant reserve accounts in proportion to the estimated fair value of the RCUIDS and Warrants, which is computed based on their respective theoretical fair values of RM0.6835 per RCUIDS and RM0.6307 per Warrant using Trinomial Option Pricing Model as extracted from Bloomberg.
- (4) After deducting estimated expenses of approximately RM12.3 million for the Proposed Rights Issue.
  - (5) After adjusting for the realisation of deferred tax arising from the accretion of the liability component of the RCUIDS and the reversal of the equity component of the RCUIDS to retained earnings.
  - (6) After adjusting for the realisation of deferred tax arising from accretion of the liability component of the RCUIDS.
  - (7) Assuming the Warrants are exercised into new AAGB Shares at the indicative Exercise Price of RM1.00 each and the corresponding reclassification of the warrant reserve amount to the share capital account.
  - (8) Assuming the redemption of the RCUIDS is funded via additional borrowings.
  - (9) During the FYE 31 December 2020, our Group's operations were significantly affected by the COVID-19 pandemic which led to operating losses. This has resulted in a negative gearing ratio as our Group has been relying on debt compared to equity to finance our Group's operations.

### 6.3 Earnings and EPS

The Proposed Rights Issue is expected to contribute positively to the future earnings of our Group when the benefits of utilisation of proceeds in the manner set out in Section 3 of this Circular are realised. However, the EPS of our Group may be correspondingly diluted as a result of the increase in the number of issued Shares arising from the conversion of the RCUIDS and/or exercise of the Warrants in the future. The effects of any conversion of the RCUIDS and/or exercise of the Warrants on the EPS of our Group would be dependent on the number of RCUIDS converted and number of Warrants exercised and the benefits arising from the utilisation of proceeds.

For illustration purposes only, the pro forma effects of the Proposed Rights Issue on the earnings and EPS of our Group, based on the latest audited consolidated financial statements of our Company as at 31 December 2020, and on the assumption that the Proposed Rights Issue had been effected on 1 January 2020, being the beginning of the FYE 31 December 2020, are set out below:

	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)
LAT	(5,111,667)	(5,111,667)
Less: Estimated expenses in relation to the Proposed Rights Issue	(11,728)	(12,332)
Less: Estimated profit payments from the RCUIDS	<sup>(1)</sup> (61,255)	<sup>(2)</sup> (64,369)
Add: Reversal of deferred tax liability <sup>(3)</sup>	14,701	15,449
<b>Adjusted LAT</b>	<b>(5,169,949)</b>	<b>(5,172,919)</b>
No. of Shares in issue as at the LPD ('000)	<sup>(5)</sup> 3,898,053	<sup>(4)/(5)</sup> 4,096,234
<b>Adjusted LPS (sen)</b>	<b>(132.63)</b>	<b>(126.28)</b>

#### Notes:

- (1) Being the average of the total estimated profit payments of the RCUIDS of approximately RM428.8 million based on the profit rate of the RCUIDS of 8% per annum over the tenure of the RCUIDS of 7 years and assuming the issuance of RM974,513,219 in nominal value of RCUIDS under the Minimum Scenario and taking into account the RCUIDS redemption in accordance to the Redemption Schedule as set out in **Appendix I** of this Circular.
- (2) Being the average of the total estimated profit payments of the RCUIDS of approximately RM450.6 million based on the profit rate of the RCUIDS of 8% per annum over the tenure of the RCUIDS of 7 years and assuming the issuance of RM1,024,058,370 in nominal value of RCUIDS under the Maximum Scenario and taking into account the RCUIDS redemption in accordance to the Redemption Schedule as set out in **Appendix I** of this Circular.
- (3) Being the reversal of the deferred tax liabilities pursuant to the reduction of temporary difference as the profit payments of the RCUIDS are charged for the period.
- (4) Assuming the issuance of the remaining 198,180,602 Placement Shares.
- (5) Assuming none of the RCUIDS and Warrants is converted and/or exercised into new AAGB Shares in view that the pro forma effects on our Group's earnings and EPS have accounted for the full estimated profit payments of the RCUIDS on the assumption that none of the RCUIDS is converted.

#### **6.4 Substantial shareholders' shareholdings**

The Proposed Rights Issue is not expected to have any immediate effect on the shareholdings of our Company's substantial shareholders until such time when the RCUIDS are converted and/or the Warrants are exercised into new AAGB Shares.

The pro forma effects on our Company's substantial shareholders' shareholdings are illustrated based on our Record of Depositors as at 22 October 2021 and the following assumptions:

- (i) for the Minimum Scenario:
  - (a) only the Undertaking Shareholders subscribe in full for their respective entitlements to the RCUIDS pursuant to the Entitlement Undertakings;
  - (b) the underwriter(s) subscribes to the RCUIDS pursuant to the Minimum Underwriting; and
  - (c) none of the other Entitled Shareholders and/or their renouncee(s) or transferee(s) subscribes to the RCUIDS; and
- (ii) for the Maximum Scenario, it is assumed that all the Entitled Shareholders subscribe in full for their respective entitlements to the RCUIDS.

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For illustration purposes, the pro forma effects of the Proposed Rights Issue on the direct and indirect shareholdings of our Company's substantial shareholders as at 22 October 2021 are as follows:

### Minimum Scenario

Name	(I) As at 22 October 2021				After the Proposed Rights Issue			
	Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
TLSB	509,000	13.06	-	-	509,000	13.06	-	-
TASB	516,485	13.25	-	-	516,485	13.25	-	-
TSTF	1,600	0.04	(1)1,025,485	26.31	1,600	0.04	(1)1,025,485	26.31
DKM	2,000	0.05	(1)1,025,485	26.31	2,000	0.05	(1)1,025,485	26.31
SASB	-	-	-	-	-	-	-	-
Positive Boom Limited	332,499	8.53	-	-	332,499	8.53	-	-
Choi Chiu Fai, Stanley	-	-	(2)332,499	8.53	-	-	(2)332,499	8.53
Underwriter(s) for the Minimum Underwriting	-	-	-	-	-	-	-	-

Name	(II)(A) After (I) and assuming full redemption of the RCUIDS				(III)(A) After (II)(A) and assuming full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
TLSB	509,000	13.06	-	-	509,000	11.81	-	-
TASB	516,485	13.25	-	-	516,485	11.99	-	-
TSTF	1,600	0.04	(1)1,025,485	26.31	1,600	0.04	(1)1,196,999	27.78
DKM	2,000	0.05	(1)1,025,485	26.31	2,000	0.05	(1)1,196,999	27.78
SASB	-	-	-	-	(3)171,514	3.98	-	-
Positive Boom Limited	332,499	8.53	-	-	332,499	7.72	-	-
Choi Chiu Fai, Stanley	-	-	(2)332,499	8.53	-	-	(2)332,499	7.72
Underwriter(s) for the Minimum Underwriting	-	-	-	-	239,081	5.55	-	-

Name	(II)(B) After (I) and assuming full conversion of the RCUIDS				(III)(B) After (II)(B) and assuming full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
TLSB	509,000	10.79	-	-	509,000	9.92	-	-
TASB	516,485	10.94	-	-	516,485	10.07	-	-
TSTF	1,600	0.03	<sup>(1)</sup> 1,368,513	29.00	1,600	0.03	<sup>(1)</sup> 1,540,028	30.02
DKM	2,000	0.04	<sup>(1)</sup> 1,368,513	29.00	2,000	0.04	<sup>(1)</sup> 1,540,028	30.02
SASB	<sup>(3)</sup> 343,028	7.27	-	-	<sup>(3)</sup> 514,543	10.03	-	-
Positive Boom Limited	332,499	7.05	-	-	332,499	6.48	-	-
Choi Chiu Fai, Stanley	-	-	<sup>(2)</sup> 332,499	7.05	-	-	<sup>(2)</sup> 332,499	6.48
Underwriter(s) for the Minimum Underwriting	478,161	10.13	-	-	717,242	13.98	-	-

**Notes:**

- (1) Deemed interested by virtue of Section 8 of the Act through a shareholding of more than 20% in TLSB, TASB and SASB.
- (2) Deemed interested by virtue of Section 8 of the Act through a shareholding of more than 20% in Positive Boom Limited.
- (3) After taking into consideration the renunciations in full by TSTF, DKM and TLSB of their respective entitlements to the RCUIDS and the corresponding Warrants under the Proposed Rights Issue in favour of SASB and assuming TASB renounces the entire TASB's Entitlement in favour of SASB.

**Maximum Scenario**

Name	As at 22 October 2021				(I) After the Private Placement				(II) After (I) and the Proposed Rights Issue			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
TLSB	509,000	13.06	-	-	509,000	12.43	-	-	509,000	12.43	-	-
TASB	516,485	13.25	-	-	516,485	12.61	-	-	516,485	12.61	-	-
TSTF	1,600	0.04	<sup>(1)</sup> 1,025,485	26.31	1,600	0.04	<sup>(1)</sup> 1,025,485	25.03	1,600	0.04	<sup>(1)</sup> 1,025,485	25.03
DKM	2,000	0.05	<sup>(1)</sup> 1,025,485	26.31	2,000	0.05	<sup>(1)</sup> 1,025,485	25.03	2,000	0.05	<sup>(1)</sup> 1,025,485	25.03
SASB	-	-	-	-	-	-	-	-	-	-	-	-
Positive Boom Limited	332,499	8.53	-	-	332,499	8.12	-	-	332,499	8.12	-	-
Choi Chiu Fai, Stanley	-	-	<sup>(2)</sup> 332,499	8.53	-	-	<sup>(2)</sup> 332,499	8.12	-	-	<sup>(2)</sup> 332,499	8.12



Name	(III)(A) After (II) and assuming full redemption of the RCUIDS			(IV)(A) After (III)(A) and assuming full exercise of the Warrants		
	Direct		Indirect	Direct		Indirect
	No. of Shares ('000)	%	No. of Shares ('000)	No. of Shares ('000)	%	No. of Shares ('000)
TLSB	509,000	12.43	-	509,000	10.65	-
TASB	516,485	12.61	-	516,485	10.81	-
TSTF	1,600	0.04	<sup>(1)</sup> 1,025,485	1,600	0.03	<sup>(1)</sup> 1,196,999
DKM	2,000	0.05	<sup>(1)</sup> 1,025,485	2,000	0.04	<sup>(1)</sup> 1,196,999
SASB	-	-	-	<sup>(3)</sup> 171,514	3.59	-
Positive Boom Limited	332,499	8.12	-	387,915	8.12	-
Choi Chiu Fai, Stanley	-	-	<sup>(2)</sup> 332,499	-	-	<sup>(2)</sup> 387,915
			8.12			8.12

Name	(III)(B) After (II) and assuming full conversion of the RCUIDS			(IV)(B) After (III)(B) and assuming full exercise of the Warrants		
	Direct		Indirect	Direct		Indirect
	No. of Shares ('000)	%	No. of Shares ('000)	No. of Shares ('000)	%	No. of Shares ('000)
TLSB	509,000	9.32	-	509,000	8.28	-
TASB	516,485	9.46	-	516,485	8.41	-
TSTF	1,600	0.03	<sup>(1)</sup> 1,368,513	1,600	0.03	<sup>(1)</sup> 1,540,028
DKM	2,000	0.04	<sup>(1)</sup> 1,368,513	2,000	0.03	<sup>(1)</sup> 1,540,028
SASB	<sup>(3)</sup> 343,028	6.28	-	<sup>(3)</sup> 514,543	8.37	-
Positive Boom Limited	443,331	8.12	-	498,748	8.12	-
Choi Chiu Fai, Stanley	-	-	<sup>(2)</sup> 443,331	-	-	<sup>(2)</sup> 498,748
			8.12			8.12

**Notes:**

- (1) Deemed interested by virtue of Section 8 of the Act through a shareholding of more than 20% in TLSB, TASB and SASB.
- (2) Deemed interested by virtue of Section 8 of the Act through a shareholding of more than 20% in Positive Boom Limited.
- (3) After taking into consideration the renunciations in full by TSTF, DKM and TLSB of their respective entitlements to the RCUIDS and the corresponding Warrants under the Proposed Rights Issue in favour of SASB and assuming TASB renounces the entire TASB's Entitlement in favour of SASB.

## **6.5 Convertible securities**

As at the LPD, save for the Outstanding ESOS Options, our Company does not have any outstanding convertible securities.

The Outstanding ESOS Options were offered on 3 August 2021 to the eligible employees of our Group pursuant to the LTIS, which may be vested from financial year 2024 onwards, subject to the achievement of certain performance conditions as may be determined by the LTIS committee in accordance with the By-Laws. For clarity, none of the Outstanding ESOS Options will be exercised by the relevant grantees prior to the implementation of the Proposed Rights Issue.

Under the By-Laws, if there is any variation in the capital structure of our Company during the LTIS period, the LTIS committee may, with the approval of the Board, appropriately adjust the number of AAGB Shares and/or the Outstanding ESOS Options and/or the price at which the relevant grantees shall be entitled to subscribe for every new AAGB Share by exercising their Outstanding ESOS Options, subject always to applicable laws and the Listing Requirements. In the event the LTIS committee decides to make adjustments due to the implementation of the Proposed Rights Issue, any such adjustments shall be made in accordance with the relevant provisions of the By-Laws.

## **7. APPROVALS REQUIRED**

The Proposed Rights Issue is subject to approvals being obtained from the following:

- (i) the SC for:
  - (a) the issuance of the RCUIDS, approval of which was obtained vide its letter dated 15 October 2021, subject to compliance with the standard conditions and continuing obligations as stipulated in the Guidelines; and
  - (b) the registration of the Abridged Prospectus;
- (ii) Bursa Securities for the following:
  - (a) admission to the Official List and the listing and quotation of up to 1,365,411,160 RCUIDS with nominal value of RM1,024,058,370 to be issued pursuant to the Proposed Rights Issue;
  - (b) admission to the Official List and the listing and quotation of up to 682,705,580 Warrants to be issued pursuant to the Proposed Rights Issue; and
  - (c) listing and quotation of up to 2,048,116,740 new AAGB Shares to be issued pursuant to the conversion of the RCUIDS and exercise of the Warrants.

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The approval by Bursa Securities was obtained vide its letter dated 25 October 2021 subject to the following conditions:

<b>No.</b>	<b>Conditions</b>	<b>Status of compliance</b>
1.	AAGB and RHB Investment Bank must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Rights Issue;	To be complied
2.	AAGB and RHB Investment Bank are required to inform Bursa Securities upon completion of the Proposed Rights Issue;	To be complied
3.	AAGB and RHB Investment Bank are required to provide a written confirmation that the terms of the Warrants are in compliance with Paragraph 6.54(3) of the Listing Requirements;	To be complied
4.	AAGB and RHB Investment Bank are required to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Rights Issue is completed; and	To be complied
5.	AAGB is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the conversion of the RCUIDS and exercise of the Warrants as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied

(iii) the shareholders of our Company for the Proposed Rights Issue, which will be sought at the forthcoming EGM; and

(iv) any other relevant regulatory authorities and/or parties, if required.

The Proposed Rights Issue is not conditional upon any other corporate exercise undertaken or to be undertaken by our Company.

#### **8. INTERESTS OF THE DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM**

None of the Directors, major shareholders and/or chief executive of our Company and/or persons connected with them (as defined in the Listing Requirements) has any interests, direct or indirect, in the Proposed Rights Issue, save for their respective entitlements as shareholders of our Company under the Proposed Rights Issue, for which all the existing shareholders of our Company are entitled to, including the rights to apply for additional RCUIDS under the excess applications.

#### **9. DIRECTORS' STATEMENT AND RECOMMENDATION**

Our Board, after having considered all aspects of the Proposed Rights Issue (including but not limited to the rationale for and the effects of the Proposed Rights Issue and the intended utilisation of proceeds), is of the opinion that the Proposed Rights Issue is in the best interests of our Company. Accordingly, our Board recommends that you **VOTE IN FAVOUR** of the resolution pertaining to the Proposed Rights Issue at our Company's forthcoming EGM.

## 10. TENTATIVE TIMETABLE

Barring any unforeseen circumstances and subject to the relevant approvals being obtained, the Proposed Rights Issue is expected to be completed in the fourth quarter of 2021.

The tentative timeline for the implementation of the Proposed Rights Issue is set out as follows:

<b>Tentative timeline</b>	<b>Events</b>
11 November 2021	EGM to obtain shareholders' approval for the Proposed Rights Issue
Mid November 2021	<ul style="list-style-type: none"><li>• Price-fixing for the Warrants and execution of the underwriting agreement(s)</li><li>• Announcement of the Entitlement Date</li></ul>
End November 2021	<ul style="list-style-type: none"><li>• Entitlement Date</li><li>• Commencement of the trading of provisional allotment of the RCUIDS</li><li>• Despatch of the Abridged Prospectus, notices of provisional allotment and rights subscription form</li></ul>
Mid December 2021	<ul style="list-style-type: none"><li>• Last day for the sale and transfer of the provisional allotment of the RCUIDS</li><li>• Closing date of acceptance of and applications for the Proposed Rights Issue</li></ul>
End December 2021	<ul style="list-style-type: none"><li>• Issuance and allotment of the RCUIDS and Warrants</li><li>• Listing and quotation of the RCUIDS and Warrants on the Main Market of Bursa Securities</li><li>• Completion of the Proposed Rights Issue</li></ul>

## 11. DETAILS OF FUND-RAISING EXERCISES UNDERTAKEN BY OUR COMPANY IN THE PAST 12 MONTHS

### 11.1 Private Placement

On 21 January 2021, our Company had announced the Private Placement, which entails an issuance of up to 668,394,816 Placement Shares, representing up to 20% of the then existing total number of issued Shares prior to the Private Placement. Bursa Securities had, vide its letter dated 3 February 2021, approved the listing and quotation for the Placement Shares.

The Private Placement will be undertaken in accordance with the general mandate pursuant to Sections 75 and 76 of the Act and the "Additional Temporary Relief Measures to Listed Issuers" announced by Bursa Securities on 16 April 2020 which increased the limit prescribed under Paragraph 6.03 of the Listing Requirements from 10% to 20%.

On 19 February 2021, our Company completed the first tranche of the Private Placement involving the issuance of 369,846,852 Placement Shares at RM0.675 per Placement Share, following the listing and quotation of the Placement Shares on the Main Market of Bursa Securities, and thereby raising gross proceeds amounting to approximately RM249.65 million.

Subsequently, on 17 March 2021, our Company completed the second tranche of the Private Placement involving the issuance of 100,367,362 Placement Shares at RM0.865 per Placement Share, which raised gross proceeds amounting to approximately RM86.82 million.

The total gross proceeds of approximately RM336.5 million raised from the Private Placement up to the LPD have been fully utilised in the following manner:

<b>Utilisation of proceeds</b>	<b>Expected timeframe</b>	<b>Proposed utilisation<sup>(1)</sup> (RM million)</b>	<b>Gross proceeds raised up to the LPD<sup>(2)</sup> (RM million)</b>	<b>Actual utilisation as at the LPD (RM million)</b>
Fuel hedging settlement	6 – 12 months	146.6	108.6	108.6
Aircraft lease and maintenance payments	3 months	95.2	70.5	70.5
AirAsia Digital's business units' technology development costs, product and market expansion costs and marketing expenses	Within 12 months	77.0	57.0	57.0
General working capital expenses	Within 6 months	135.5	100.2	100.2
Estimated expenses for the Private Placement	Immediate	0.2	0.2	0.2
<b>Total</b>		<b>454.5</b>	<b>336.5</b>	<b>336.5</b>

**Notes:**

- (1) Based on the announcement of the Private Placement dated 21 January 2021.
- (2) The allocation of the proceeds raised up to the LPD is proportionate to the allocations set out in the proposed utilisation of proceeds section of the announcement dated 21 January 2021 in relation to the Private Placement.

As at the LPD, there are remaining 198,180,602 Placement Shares to be issued pursuant to the Private Placement. The Private Placement will continue to be implemented in tranches and the issue price for each subsequent tranche will be determined and announced by our Board separately.

## 11.2 LTIS

On 17 February 2021, our Company had announced the LTIS for eligible employees and directors of our Group, which entails an issuance of up to 10% of the total number of issued Shares at any one time throughout the duration of the LTIS, consisting of an ESOS and a SGS. The LTIS has been approved by Bursa Securities on 24 May 2021, and subsequently approved by our shareholders on 21 June 2021.

Our Company has implemented the LTIS with effect from 2 August 2021. Our Company will receive proceeds from the exercise of the options by the grantees of the ESOS, which will be used, amongst others, for our Group's working capital purposes, including but not limited to payment of trade and other payables, employee costs, marketing and administrative expenses. Our Company will not receive any proceeds pursuant to the issuance of new AAGB Shares to the grantees of the SGS, as such grantees will not be required to pay for the new AAGB Shares to be issued to them under the SGS.

On 19 August 2021, our Company had announced that we had offered the Outstanding ESOS Options to the eligible employees of our Group pursuant to the LTIS, which may be vested from financial year 2024 onwards, subject to the achievement of certain performance conditions as may be determined by the LTIS committee in accordance with the By-Laws. Please refer to Section 6.5 of this Circular for further details of the Outstanding ESOS Options.

Save for the Private Placement and LTIS, our Company has not undertaken any other equity fund-raising exercises in the past 12 months.

## 12. OTHER CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save as disclosed below and the Proposed Rights Issue, our Board is not aware of any other outstanding corporate exercise or proposal which has been announced by our Company but is pending implementation and completion prior to the printing of this Circular:

- (i) the Private Placement; and
- (ii) AirAsia Digital and AirAsia SuperApp Sdn Bhd (*formerly known as AirAsia Ads Sdn Bhd*) ("**AirAsia SuperApp**") had on 7 July 2021 entered into the following agreements for (a) the proposed acquisition of 100.0% of the equity interest in Velox Technology (Thailand) Co. Ltd. for a purchase consideration of USD40.0 million from Velox South-East Asia Holdings Pte. Ltd., Go-jek Singapore Pte. Ltd. And Velox Technology South-East Asia Pte. Ltd. (collectively the "**VT Sellers**") ("**Proposed VT Acquisition**"); and (b) the proposed acquisition of 100.0% of the equity interest in Velox Fintech Co. Ltd. for a purchase consideration of USD10.0 million from Velox Pay South-East Asia Holdings Pte. Ltd., Go-jek Singapore Pte. Ltd. and Velox Technology South-East Asia Pte. Ltd. (collectively the "**VF Sellers**") ("**Proposed VF Acquisition**"):
  - (a) a sale and purchase agreement entered into between the VT Sellers, AirAsia SuperApp, AirAsia Digital, Teh Mun Hui and Pattra Boosarawongse in relation to the Proposed VT Acquisition;
  - (b) a sale and purchase agreement entered into between the VF Sellers, AirAsia Digital, Aireen Omar and Pattra Boosarawongse in relation to the Proposed VF Acquisition; and
  - (c) a share subscription agreement relating to the subscription for shares in AirAsia SuperApp between Velox South-East Asia Holdings Pte. Ltd., AirAsia Digital and AirAsia SuperApp.

AirAsia Digital had on 7 October 2021 terminated the Proposed VF Acquisition. As at the LPD, the Proposed VT Acquisition is pending completion and is expected to be completed by the fourth quarter of 2021.

## 13. EGM

Our Company's forthcoming EGM, the notice of which is set out in this Circular, will be conducted as a fully virtual meeting entirely through live streaming from the online meeting platform using the Remote Participation and Voting facilities ("**RPV**") provided by Tricor Investor & Issuing House Services Sdn Bhd via the TIIH Online website at <https://tiah.online> on Thursday, 11 November 2021 at 9.30 a.m., for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolution to give effect to the Proposed Rights Issue.

You are entitled to attend the fully virtual meeting via live streaming and participate via the RPV at our forthcoming EGM or appoint proxy(ies) to vote for and on your behalf. In such event, the Form of Proxy should be lodged at our registered office at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur (klia2), 64000 KLIA, Selangor Darul Ehsan, Malaysia or electronically lodged with the poll administrator via TIIH Online website at <https://tiah.online> not later than 48 hours before the time fixed for our Company's forthcoming EGM or any adjournment thereof. Please refer to the Administrative Note for the EGM of AAGB on the procedures for electronic lodgement of the Form of Proxy. The last date and time for you to lodge the Form of Proxy is on Tuesday, 9 November 2021 at 9.30 a.m. The lodging of the Form of Proxy will not preclude you from attending and voting in person at our Company's forthcoming EGM should you subsequently wish to do so but if you do so, your proxy shall be precluded from attending the EGM.

#### **14. FURTHER INFORMATION**

Shareholders are advised to refer to the appendices set out in this Circular for further information.

Yours faithfully,  
For and on behalf of our Board  
**AIRASIA GROUP BERHAD**

**DATUK KAMARUDIN BIN MERANUN**  
Non-Independent Executive Chairman



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**INDICATIVE SALIENT TERMS OF THE RCUIDS**


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<b>Terms</b>	<b>Details</b>
Issuer	: AirAsia Group Berhad (" <b>Issuer</b> ").
Trustee	: Malaysian Trustees Berhad.
Issue size/ Basis of allotment	: Up to RM1,024,058,370 in nominal value of RCUIDS on the basis of two (2) RCUIDS for every six (6) AAGB Shares held on the Entitlement Date.
Issue price	: Each RCUIDS shall be issued at 100% of its nominal value of RM0.75.
Shariah principles	: Murabahah (via Tawarruq arrangement).
Form and denomination	: The RCUIDS will be issued in registered form and in denominations and multiples of RM0.75 each.
Tenure	: Seven (7) years commencing from and inclusive of the issue date for the RCUIDS (" <b>Issue Date</b> ") and expiring on the seventh (7 <sup>th</sup> ) anniversary from the Issue Date (" <b>Maturity Date</b> ").
Profit rate and profit payment frequency	: The profit rate for the RCUIDS shall be a fixed rate of 8.0% per annum (" <b>Profit</b> "), computed based on the nominal value of the outstanding RCUIDS, payable quarterly in arrears, with the first profit payment commencing three (3) months from the Issue Date.
Profit payment basis	: Actual number of days over 365 days.
Conversion rights	<p>: The RCUIDS Holders shall have the right to surrender the nominal value of the RCUIDS (outstanding amount) for conversion into new AAGB Shares at any time during the Conversion Period (as defined below) at the Conversion Price.</p> <p>For the avoidance of doubt, no Profit shall be payable on such RCUIDS as from the Issue Date or the Profit payment date immediately preceding the conversion date, whichever is the later.</p> <p>Any fraction of a share resulting from such conversion shall be disregarded and the Issuer reserves the right to deal with such new ordinary shares, which represents fractional interests in such manner, and on such terms the Issuer deems beneficial to AAGB.</p> <p>RCUIDS Holders shall have the ability to convert all or part of its RCUIDS at any time during the Conversion Period (and may do so more than once).</p>
Conversion period	: The period commencing at any time on and after the Issue Date up to 5.00 p.m. on the 8 <sup>th</sup> market day prior to the Maturity Date (both dates inclusive) (" <b>Conversion Period</b> ").
Conversion price	: RM0.75, equivalent to the nominal value of the RCUIDS for one (1) new AAGB Share, or such adjusted price as may be for the time being be applicable in accordance with the conditions of the Trust Deed. The Conversion Price is subject to adjustments as described below.

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**INDICATIVE SALIENT TERMS OF THE RCUIDS (CONT'D)**


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- Conditions for conversion : The following conditions must be complied with before any conversion of the RCUIDS can be made:
- (i) the relevant RCUIDS Holder shall have served a conversion notice during the Conversion Period on AAGB informing the intention to convert the RCUIDS into new AAGB Shares;
  - (ii) upon receipt of the conversion notice by AAGB, AAGB shall procure the Share Registrar to act in accordance with the Listing Requirements for the allotment and/or issuance of the new AAGB Shares arising from the conversion; and
  - (iii) such other conditions as may be advised by the Solicitors, to be agreed with AAGB and disclosed in the Trust Deed.
- Mode of conversion : The RCUIDS are convertible into new AAGB Shares by surrendering for cancellation a corresponding nominal value of the RCUIDS to the Conversion Price for every one (1) new AAGB Share at any time during the Conversion Period. Any fraction remaining held by the RCUIDS Holders resulting from such conversion will be disregarded and AAGB shall not be required to pay the value of such fraction to the RCUIDS Holders.
- Status and ranking of the RCUIDS : The RCUIDS will constitute direct, unsubordinated, unconditional and unsecured obligations of the Issuer and will at all times rank equally and without any preference or priority among themselves. The payment obligations of the Issuer under the RCUIDS shall, save for exceptions as may be provided by mandatory provisions of applicable laws and subject to the terms and conditions of the RCUIDS, at all times, rank at least equally with all its other present and future unsecured and unsubordinated obligations.
- Ranking of the new AAGB Shares to be issued pursuant to the conversion of the RCUIDS : The new AAGB Shares to be issued upon conversion of the RCUIDS shall, upon allotment and issuance, rank equally in all respects with the then existing AAGB Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions declared by the Issuer which entitlement date thereof precedes the allotment date of the new AAGB Shares allotted pursuant to the conversion of the RCUIDS.
- Redemption/ schedule : Unless previously converted or redeemed (subject to the terms and conditions of the RCUIDS), the Issuer shall redeem the RCUIDS in accordance with the redemption schedule below ("**Redemption Schedule**"). All redemption shall be in the same proportion in relation to each RCUIDS Holder and shall be made in direct order of the Redemption Schedule.

Anniversary from Issue Date	% of issued size redeemed*
1 <sup>st</sup>	-
2 <sup>nd</sup>	-
3 <sup>rd</sup>	-
4 <sup>th</sup>	25%
5 <sup>th</sup>	25%
6 <sup>th</sup>	25%
7 <sup>th</sup>	25%
	<hr/> 100%

\* Subject to adjustment in the event of Early Redemption (as defined below).

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**INDICATIVE SALIENT TERMS OF THE RCUIDS (CONT'D)**


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Redemption/schedule (*cont'd*)      Redemption : Redemption shall commence on the fourth (4<sup>th</sup>) anniversary from the Issue Date and annually thereafter until the seventh (7<sup>th</sup>) anniversary, with the book closing date being the relevant anniversary of the Issue Date.

The annual redemption amount and redemption amount per RCUIDS unit are computed as follows:

$$\text{("Annual Redemption Amount")} = \frac{\text{Outstanding nominal value of RCUIDS in issue} \times \text{Scheduled \% of the year}}{\text{Total remaining \% per schedule inclusive of \% for the year}}$$

$$\text{Redemption Amount per RCUIDS unit} = \frac{\text{Annual Redemption Amount}}{\text{Total RCUIDS units outstanding}}$$

The actual Annual Redemption Amount shall be calculated based on the outstanding nominal value of RCUIDS in issue on the book closing date on each relevant anniversary and the redemption procedure shall be in accordance with the provisions of the Trust Deed.

For the avoidance of doubt, the RCUIDS Holders shall have no right to otherwise demand for the early redemption of the outstanding RCUIDS by the Issuer.

Redemption rate : 100% of the nominal value of the RCUIDS.

Provision on early redemption : The Issuer may, by giving to the Trustee at least 30 days' prior written notice, make an early redemption of the outstanding RCUIDS in whole on the fourth (4<sup>th</sup>) anniversary of the Issue Date ("**Early Redemption**"). The Early Redemption amount will be based on 105% of the nominal value of the RCUIDS (excluding the relevant Annual Redemption Amount on the fourth (4<sup>th</sup>) anniversary of the Issue Date). The amount payable on the Early Redemption shall include the accrued Profit up to the fourth (4<sup>th</sup>) anniversary of the Issue Date.

Unless previously converted or redeemed (subject to the terms and conditions of the RCUIDS), the Issuer shall redeem the RCUIDS in accordance with the Redemption Schedule.

For the avoidance of doubt, the RCUIDS Holders shall have no right to otherwise demand for an early redemption of the outstanding RCUIDS by the Issuer.

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**INDICATIVE SALIENT TERMS OF THE RCUIDS (CONT'D)**


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Adjustment in the Conversion Price in the event of alteration of share capital	: Subject to the provisions in the Trust Deed, the Conversion Price shall be adjusted by our Board in consultation with the adviser and certification of the external auditors, in the event of any alteration to the share capital of the Issuer on or before the Maturity Date, whether by way of rights issue, bonus issue, capitalisation issue, consolidation or subdivision of shares or reduction of capital howsoever being effected. The RCUIDS shall include standard convertible bond market protection and Conversion Price adjustment provisions.
Rights of the RCUIDS Holders	: The RCUIDS Holders shall not be entitled to any dividends, rights, allotments and/or other distributions declared by AAGB, which entitlement date thereof precedes the allotment date of the new AAGB Shares allotted pursuant to the conversion of the RCUIDS.
Amendment to the RCUIDS Holders' rights	: Save as otherwise provided in the Trust Deed, a special resolution of the RCUIDS Holders is required to sanction any modification, variation, abrogation or compromise of or arrangement in respect of the rights of the RCUIDS Holders against the Issuer.
Rights in the event of default, winding-up or liquidation	: The Trustee may (by giving a written notice to the Issuer) declare that the outstanding RCUIDS are immediately due and repayable, and the RCUIDS then outstanding shall become immediately due and repayable at their nominal amounts together with accrued Profit up to and including the date of repayment.
Ibra'	<p>: Ibra' refers to an act of releasing absolutely or conditionally one's rights and claims on any obligation against another party which would result in the latter being discharged of his/its obligations or liabilities towards the former. The release may be either partially or in full. The Ibra' shall be subject to the requirements stipulated under the Guidelines.</p> <p>The RCUIDS Holders in subscribing the RCUIDS agree to grant Ibra' on the Deferred Sale Price (as defined below), upon the occurrence of any of the following events:</p> <ul style="list-style-type: none"> <li>(i) if the RCUIDS are fully redeemed before the Maturity Date pursuant to the provisions on Early Redemption; or</li> <li>(ii) the conversion of the RCUIDS to new AAGB Shares; or</li> <li>(iii) the declaration of an event of default.</li> </ul> <p>The "<b>Deferred Sale Price</b>" shall be equivalent to the aggregate of the Purchase Price and a mark-up (profit margin) which is payable quarterly in arrears.</p> <p>The Ibra' upon full redemption of the RCUIDS before the Maturity Date pursuant to the provisions on Early Redemption shall be:</p> <p>Deferred Sale Price <b>less</b> (total amount of principal paid on early redemption date to the RCUIDS Holders including the portion of unearned Profit that will be payable due to the Early Redemption rate of 105% <b>plus</b> total cumulative amount of Profit already paid to the RCUIDS Holders up to the early redemption date).</p>

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**INDICATIVE SALIENT TERMS OF THE RCUIDS (CONT'D)**


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Ibra' (cont'd)	<p>: The Ibra' for the conversion of the RCUIDS to new AAGB Shares shall be:</p> <ul style="list-style-type: none"> <li>(i) the accrued Profit of the period between the Issue Date or the last Profit payment date, whichever is the later, and the conversion date; and</li> <li>(ii) the unearned Profit from the conversion date up to the Maturity Date.</li> </ul> <p>The Ibra' upon the declaration of an event of default shall be the unearned Profit due to the RCUIDS Holders calculated from the date of the declaration of the event of default up to the Maturity Date.</p> <p>The amount payable ("<b>Dissolution Amount</b>") by the Issuer to the RCUIDS Holders upon declaration of an event of default will be calculated by the Trustee based on the formula below:</p> <p>Dissolution Amount = Deferred Sale Price determined at the Issue Date less the aggregate of the Profit paid from the Issue Date (if any), less Ibra' (if any).</p>
Ta'widh (compensation)	<p>: In the event of any delay in payments of the Deferred Sale Price, the Issuer shall pay to the RCUIDS Holders Ta'widh (compensation) on such delayed payments at the rate and in the manner prescribed by the SC's Shariah Advisory Council, as may be amended from time to time.</p>
Listing status	<p>: The RCUIDS and new AAGB Shares to be issued upon conversion of the RCUIDS will be listed on the Main Market of Bursa Securities.</p> <p>The admission, listing and quotation of the RCUIDS on the Main Market of Bursa Securities is subject to compliance with the public spread requirements of the Listing Requirements, where there must be at least 100 RCUIDS Holders holding not less than 1 board lot of the RCUIDS each.</p>
Board lot	<p>: For the purpose of trading on the Main Market of Bursa Securities, the RCUIDS shall be tradable upon listing in board lots of 100 units of RCUIDS, or such other denomination as may be determined by Bursa Securities.</p>
Rating	<p>: Not rated.</p> <p>The RCUIDS are exempted from rating requirements pursuant to Paragraph 5.02(b) of the Guidelines based on the following:</p> <ul style="list-style-type: none"> <li>(i) the RCUIDS Holders are given the right to convert the RCUIDS into new Shares at any time during the Conversion Period; and</li> <li>(ii) the underlying Shares will be listed and quoted on the Main Market of Bursa Securities.</li> </ul>
Trust Deed	<p>: The RCUIDS will be constituted under a trust deed to be executed on or prior to the Issue Date and made between the Issuer and the Trustee.</p>

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**INDICATIVE SALIENT TERMS OF THE RCUIDS (CONT'D)**

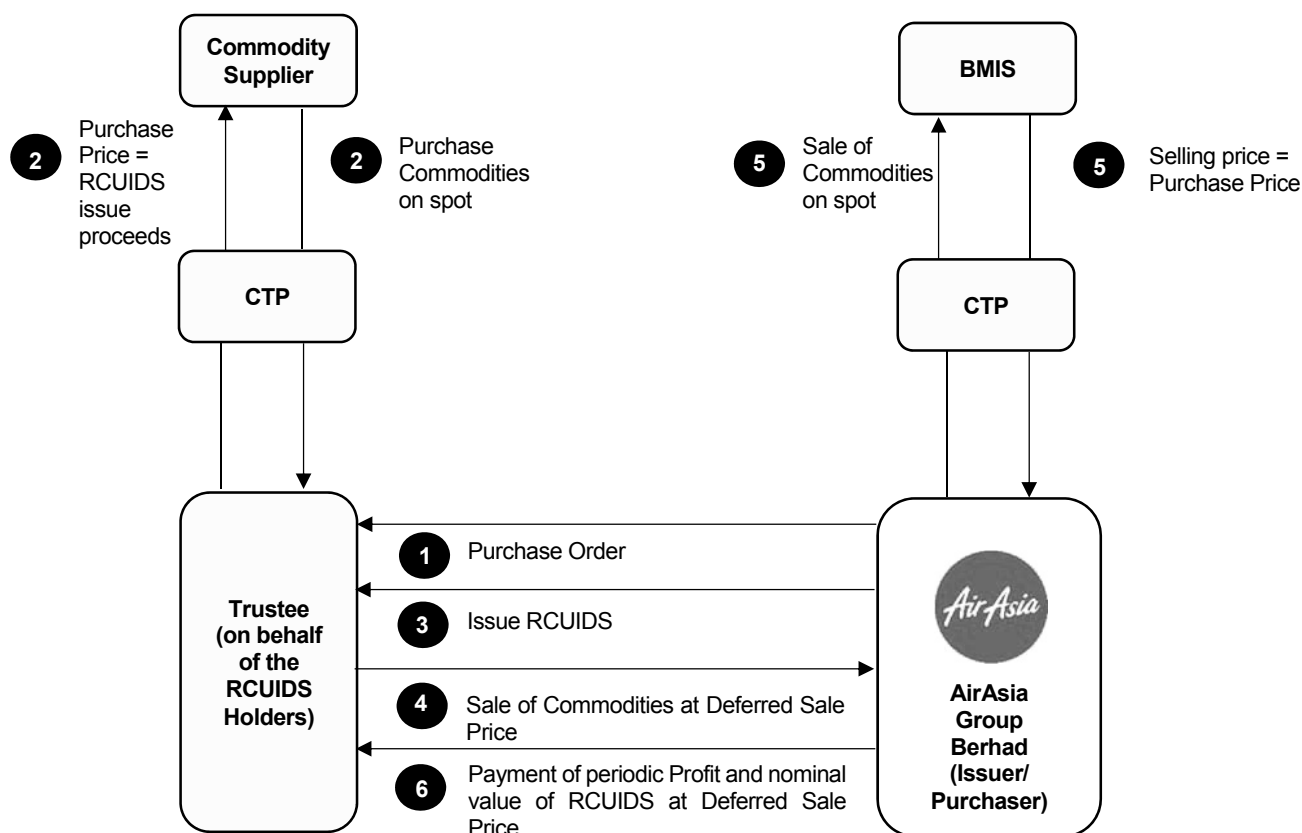

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- Voting : The RCUIDS are not entitled to any voting rights and shall not have any participating rights in any distribution and/or offer of securities in the Issuer until and unless such RCUIDS Holders convert their RCUIDS into the new AAGB Shares.
- For the avoidance of doubt, the RCUIDS held by the Issuer or any interested person of the Issuer, which includes directors, major shareholders and chief executive (as described in the Trust Deeds Guidelines issued by the SC), shall not be counted for purposes of voting at meeting of the RCUIDS Holders.
- Governing laws : The RCUIDS and the transaction documents (i.e. the Trust Deed and such other legal documents and agreements (if any) necessary in relation thereto in form and substance acceptable to the Principal Adviser, the Trustee and the Issuer) shall be governed by the laws of Malaysia and be subject to the non-exclusive jurisdiction of the courts of Malaysia.

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## INDICATIVE SALIENT TERMS OF THE RCUIDS (CONT'D)

## TRANSACTION DIAGRAM AND UNDERLYING TRANSACTION OF THE ISSUANCE OF THE RCUIDS



The facility description involving the issuance of the RCUIDS will be in accordance with the following procedures:

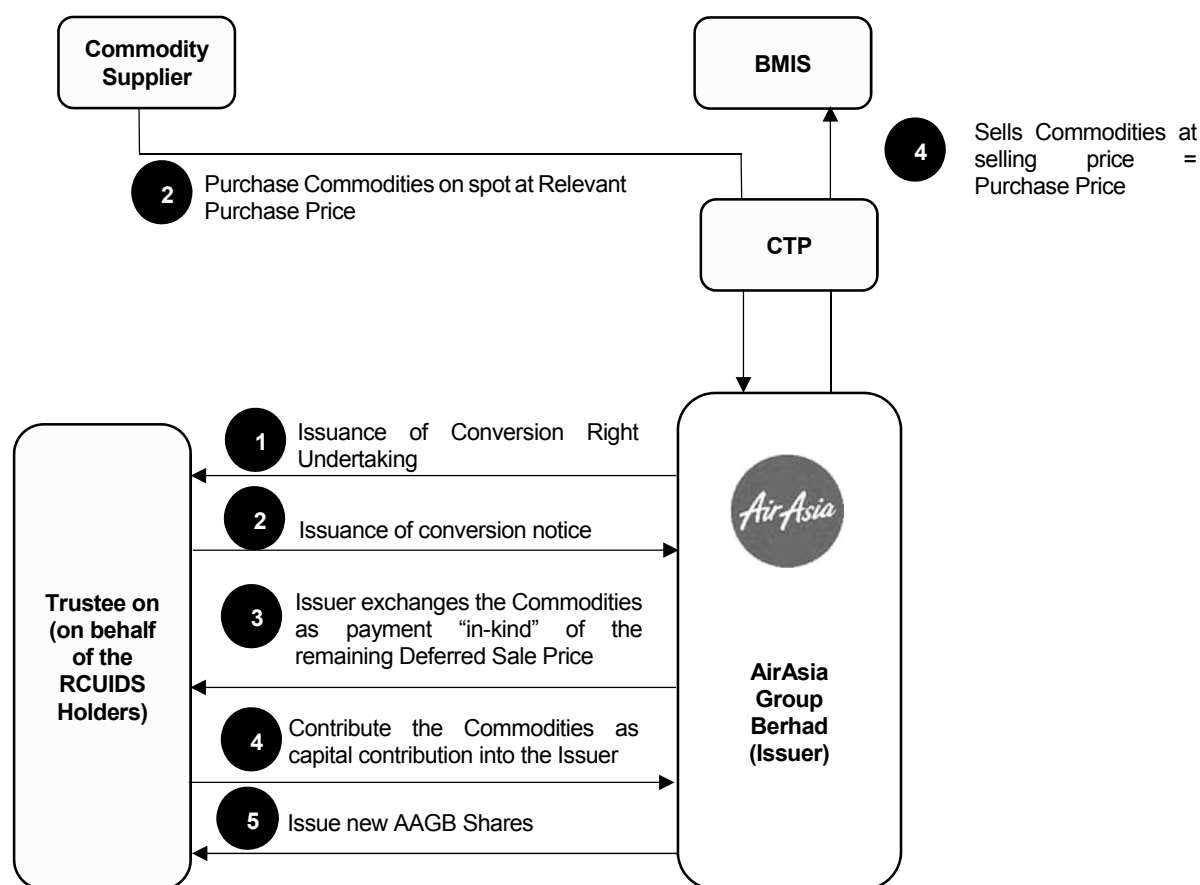
Step	Description of the Underlying Transaction
1	<p>Pursuant to a commodity Murabahah master agreement between AAGB as the purchaser (“<b>Purchaser</b>”) and the Trustee (on behalf of the RCUIDS Holders), the Purchaser shall issue a purchase order (“<b>Purchase Order</b>”) to the Trustee (on behalf of the RCUIDS Holders) with an irrevocable and unconditional undertaking to purchase the Commodities (as defined below) from the Trustee (on behalf of the RCUIDS Holders) at the Deferred Sale Price. The Trustee (on behalf of the RCUIDS Holders) will appoint a commodity trading participant (“<b>CTP</b>”) to purchase on a spot basis the Commodities from commodity supplier(s) in the Bursa Suq Al-Sila’ commodity platform and/or other independent commodity brokers and/or other platform acceptable to the Shariah Adviser (“<b>Commodity Supplier</b>”) at a purchase price, which shall be an amount equivalent to the proceeds arising from the issuance of the RCUIDS pursuant to the Proposed Rights Issue (“<b>Purchase Price</b>”).</p> <p>“<b>Commodities</b>” refers to Shariah-compliant commodities which may include but not limited to crude palm oil or such other acceptable commodities (excluding ribawi items in the category of medium of exchange such as currency, gold and silver) which are provided through the commodity trading platform (Bursa Suq Al-Sila’) and/or other trading platform as approved by the Shariah Adviser which will be identified at or around the time of issuance of the RCUIDS or conversion of the RCUIDS, as the case may be.</p>



## INDICATIVE SALIENT TERMS OF THE RCUIDS (CONT'D)

Step	Description of the Underlying Transaction
2	<p>Pursuant to the Purchase Order, the Trustee (on behalf of the RCUIDS Holders) shall purchase the Commodities on spot basis from the Commodity Supplier via the CTP at the Purchase Price.</p> <p>The “<b>Purchase Price</b>” shall be equivalent to the proceeds arising from the issuance of the RCUIDS pursuant to the Proposed Rights Issue based on the Issue Price and shall comply with the SC’s Shariah Advisory Council’s asset pricing requirements stipulated under the Guidelines.</p>
3	<p>The Issuer will issue the RCUIDS to the RCUIDS Holders and the RCUIDS shall evidence the RCUIDS Holders’ ownership of the Commodities and all rights thereto (including all rights against the Purchaser under the Purchase Order). Once the Commodities are sold to the Purchaser, the RCUIDS shall represent the RCUIDS Holder’s entitlement to receive the Deferred Sale Price.</p>
4	<p>Pursuant to the undertaking under the Purchase Order, upon acquiring the Commodities, the Trustee (on behalf of the RCUIDS Holders) shall sell the Commodities to the Purchaser for a sale price equivalent to the Deferred Sale Price.</p> <p>The “<b>Deferred Sale Price</b>” shall be equivalent to the aggregate of the Purchase Price and a mark-up (profit margin) (“<b>Profit</b>”), which is payable quarterly in arrears.</p>
5	<p>Upon completion of purchase from the RCUIDS Holder, the Purchaser shall appoint the CTP to sell the Commodities to Bursa Malaysia Islamic Services Sdn Bhd (“<b>BMIS</b>”) and/or other independent commodity brokers acceptable to the Shariah Adviser at a selling price equivalent to the Purchase Price.</p>
6	<p>During the tenure of the RCUIDS, the Purchaser, as part of its obligation to pay the Deferred Sale Price, shall pay Profit subject to the terms and conditions of the Trust Deed.</p>

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**INDICATIVE SALIENT TERMS OF THE RCUIDS (CONT'D)**
**TRANSACTION DIAGRAM AND UNDERLYING TRANSACTION IN THE CASE OF A CONVERSION OF THE RCUIDS**


The facility description involving the conversion of the RCUIDS will be in accordance with the following procedures:

Step	Description of the Conversion of the RCUIDS
1	Upon issuance of the RCUIDS, the Issuer shall issue a conversion right undertaking in favour of the Trustee (on behalf of the RCUIDS Holders) wherein the Issuer undertakes to enter into commodity transaction with the Trustee (on behalf of the RCUIDS Holders) (as prescribed under step (2) below) so as to enable the RCUIDS Holders to convert their RCUIDS into new AAGB Shares at the relevant Conversion Price at any time during the Conversion Period (" <b>Conversion Right Undertaking</b> ") by way of issuing a conversion notice under the Conversion Right Undertaking.
2	Upon issuance of conversion notice by the relevant RCUIDS Holder pursuant to the Conversion Right Undertaking given by the Issuer, the Issuer shall purchase Commodities from the Commodity Supplier on a spot basis at the relevant purchase price (equivalent to the amount of RCUIDS to be converted into new AAGB Shares) (" <b>Relevant Purchase Price</b> ").

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**INDICATIVE SALIENT TERMS OF THE RCUIDS (CONT'D)**


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<b>Step</b>	<b>Description of the Conversion of the RCUIDS</b>
3	Subject to the provision of Ibra', the Issuer shall thereafter exchange the Commodities as payment "in kind" of its existing obligation under the relevant RCUIDS (which is equivalent to the relevant RCUIDS' nominal value) pursuant to the Issuer's obligation to pay the Deferred Sale Price.
4	The Trustee (on behalf of the relevant RCUIDS Holder) shall contribute the Commodities (which the value is known) as capital contribution into the Issuer. The Issuer shall thereafter appoint a CTP to sell the Commodities to BMIS and/or other independent commodity brokers acceptable to the Shariah Adviser at a selling price equivalent to the Relevant Purchase Price to obtain cash.
5	Pursuant to the capital contribution in the form of Commodities made by the relevant RCUIDS Holder, the Issuer shall issue new AAGB Shares to the relevant RCUIDS Holder of which the number of new AAGB Shares to be issued to the relevant RCUIDS Holder shall be based on the relevant Conversion Price and computed based on the Relevant Purchase Price. The relevant RCUIDS shall thereafter be cancelled.

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**INDICATIVE SALIENT TERMS OF THE WARRANTS**


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<b>Terms</b>	<b>Details</b>
Issuer	: AirAsia Group Berhad.
Issue size	: Up to 682,705,580 Warrants.
Issue price	: The Warrants are to be issued free to the Entitled Shareholders and/or their renouncee(s) or transferee(s) (if applicable) who subscribe for the RCUIDS.
Form and denomination	: The Warrants shall be issued (together with the RCUIDS) in registered form and shall be detached from the RCUIDS upon issuance and shall be separately traded.
Tenure	: 7 years from and inclusive of the date of issuance of the Warrants.
Exercise period	: 7 years from and inclusive of the date of issuance of the Warrants and up to and including the expiry date of the Warrants (" <b>Exercise Period</b> ").
Expiry date	: 7 years from the date of issuance of the Warrants.
	Any Warrants which have not been exercised during the Exercise Period shall thereafter lapse and cease to be valid for any purpose.
Exercise price	: The exercise price shall be determined and fixed by our Board and announced by our Company at a later date (before the announcement of the Entitlement Date). However, our Company intends to fix the Exercise Price to be the lower of: <ul style="list-style-type: none"> <li>(a) RM1.00; or</li> <li>(b) 20% premium to the trailing 30-day VWAP of AAGB Shares prior to the announcement of the Entitlement Date.</li> </ul>
Exercise rights	: Each Warrant entitles the registered holder to subscribe for 1 new AAGB Share at the Exercise Price at any time during the Exercise Period, subject to adjustments in accordance with the provisions of the Deed Poll.
Mode of exercise	: The registered holders of the Warrants are required to lodge a subscription form, as set out in the Deed Poll, with our Company's share registrar, duly completed, signed and stamped together with payment of the Exercise Price for the new AAGB Shares subscribed for via online payment into bank account of our Company maintained with a bank in Malaysia or by banker's draft or cashier's order or money order or postal order in RM drawn on a bank or post office operating in Malaysia, in accordance with the provisions of the Deed Poll.
Ranking of the Warrants	: The Warrants shall be of the same class rank equally and rateably without discrimination or preference regardless of denomination as unsecured obligations of our Company ranking (subject to such exceptions as may from time to time exist under any applicable law or the Deed Poll) equally with all of other present and future unsecured obligations (other than subordinated obligations, if any) of our Company.

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**INDICATIVE SALIENT TERMS OF THE WARRANTS (CONT'D)**


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<b>Terms</b>	<b>Details</b>
Ranking of the new AAGB Shares to be issued pursuant to the exercise of the Warrants	: The new AAGB Shares to be issued upon the exercise of the Warrants shall, upon allotment and issuance, rank equally in all respects with the then existing AAGB Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to our shareholders, the entitlement date of which is prior to the allotment date of the new AAGB Shares to be issued upon the exercise of the Warrants.
Adjustments to the Exercise Price and/or number of Warrants in the event of alteration to the share capital	: The Exercise Price and/or number of Warrants shall be adjusted by our Board in consultation with the approved adviser or the external auditors of AAGB and certified by the external auditors of AAGB, in the event of any alteration to the share capital of our Company whether by way of rights issue, bonus issue, capitalisation issue, consolidate or subdivision of shares or reduction of capital howsoever being effected, in accordance with the provisions of the Deed Poll.
Rights of the Warrants Holders	: The Warrants Holders shall not be entitled to any voting rights or to participate in any distribution and/or offer of further securities in our Company until and unless such Warrants Holders exercise their Warrants into new AAGB Shares in which event any entitlement will be as specified under "Ranking of the new AAGB Shares to be issued pursuant to the exercise of the Warrants".
Modification of rights of the Warrants Holders	: Save as otherwise provided in the Deed Poll, any modification, amendment, deletion or addition to the Deed Poll (including the rights of the Warrants Holders, form and content of the warrant certificates to be issued in respect of any Warrants) may be effected only with a sanction of a special resolution (unless modification, amendment, deletion or addition is required to correct any typographical errors, related to purely administrative matters, required to comply with prevailing laws or regulations of Malaysia or in the opinion of our Company, will not be materially prejudicial to the interests of Warrants Holders), by a deed to be executed by our Company and expressed to be supplemental to the Deed Poll and if the requirements of the Deed Poll have been complied with.
Board lot	: For the purpose of trading on the Main Market of Bursa Securities, 1 board lot of Warrants shall comprise 100 Warrants carrying the right to subscribe for 100 new AAGB Shares at any time during the Exercise Period, or such other denomination as determined by Bursa Securities.  The Warrants will be immediately detached from the RCUIDS upon issuance and shall be listed and traded on the Main Market of Bursa Securities when the Warrants meet the conditions of the Listing Requirements of at least 100 holders of Warrants holding not less than 1 board lot each and submitting relevant application for the Warrants to be listed on the Main Market of Bursa Securities. The Warrants will not be listed in the event this condition is not met.

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**INDICATIVE SALIENT TERMS OF THE WARRANTS (CONT'D)**


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<b>Terms</b>	<b>Details</b>
Rights in the event of winding-up, liquidation, compromise and/or arrangement	<p>: In the event of a resolution is passed for a members' voluntary winding-up of our Company or liquidation or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of our Company or the amalgamation of our Company with one or more companies, then:</p> <p>(i) for the purposes of such winding-up, liquidation, compromise or arrangement (other than a consolidation, amalgamation or merger in which our Company is the continuing corporation) to which the Warrants Holders or some person designated by them for such purpose by special resolution, shall be a party, the terms of such winding-up, liquidation, compromise or arrangement shall be binding on all the Warrants Holders; and</p> <p>(ii) in any other case, every Warrants Holder shall be entitled upon and subject to the Deed Poll at any time within 6 weeks after the passing of such resolution for a members' voluntary winding-up of our Company or the granting of the court order approving the winding-up, liquidation, compromise or arrangement (as the case may be), by the irrevocable surrender of his Warrants to our Company, to exercise his Warrants by submitting the duly completed exercise form(s) authorising the debiting of his Warrants, together with payment of the relevant payments and fees for the Exercise Price, to elect to be treated as if he had immediately prior to the commencement of such winding-up, liquidation, compromise or arrangement, exercised his Warrants to the extent specified in the exercise form(s) and be entitled to receive out of the assets of our Company which would be available in liquidation as if he had on such date been the holder of the new AAGB Shares to which he would have become entitled pursuant to such exercise and the liquidator of our Company shall give effect to such election accordingly. If our Company is wound up, all exercise rights of the Warrants Holders which have not been exercised within 6 weeks of the passing of such resolution, shall lapse and the Warrants shall cease to be valid for any purpose.</p>
Listing status	: The Warrants and new AAGB Shares to be issued upon exercise of the Warrants will be listed on the Main Market of Bursa Securities.
Governing law	: The laws of Malaysia.

**COMMENTARY ON THE FINANCIAL PERFORMANCE AND FINANCIAL POSITION OF OUR GROUP**

The summary of the financial information of our Group for the past 3 FYEs 31 December 2018, 31 December 2019 and 31 December 2020, as well as the 6-month FPEs 30 June 2020 and 30 June 2021 is set out below:

	Audited			Unaudited	
	FYE 31 December 2018 (RM'000)	FYE 31 December 2019 (RM'000)	FYE 31 December 2020 (RM'000)	6-month FPE 30 June 2020 (RM'000)	6-month FPE 30 June 2021 (RM'000)
Revenue	10,638,296	11,860,403	3,131,213	2,485,593	686,815
PAT/ (LAT)	1,967,006	(315,807)	(5,111,667)	(1,796,734)	(1,347,481)
Share capital	<sup>(1)</sup> 8,023,268	8,023,268	8,023,268	8,023,268	8,462,770
NA/ (NL)	7,784,454	4,498,330	(1,214,287)	2,021,964	(2,328,891)
Number of Shares in issue ('000)	3,341,974	3,341,974	3,341,974	3,341,974	3,898,053
Weighted average number of Shares in issue ('000)	3,341,974	3,341,974	3,341,974	3,341,974	3,688,657
NA/ (NL) per Share (RM) <sup>(2)</sup>	2.33	1.35	(0.36)	0.61	(0.60)
Basic EPS/ (LPS) (sen) <sup>(3)</sup>	58.86	(9.45)	(152.95)	(53.76)	(36.53)

**Notes:**

- (1) On 16 April 2018, our Company has completed the internal reorganisation by way of a members' scheme of arrangement under Section 366 of the Act, which involves the issuance of 3,341,974,080 new AAGB Shares at a total issue price of RM8,023 million for the acquisition of the entire issued share capital of AirAsia Berhad.
- (2) Based on the number of Shares in issue.
- (3) Based on the weighted average number of Shares in issue.

**(a) 6-month FPE 30 June 2021 compared to 6-month FPE 30 June 2020**

Our Group recorded lower revenue of approximately RM686.8 million for the 6-month FPE 30 June 2021, compared to the revenue of approximately RM2.5 billion for the 6-month FPE 30 June 2020. This was primarily due to lockdown and interstate travel restrictions imposed by the government since January 2021. Further, our Group operated at 18% of pre-COVID-19 domestic capacity during the first half of 2021 where most of the international borders remained closed.

Our Group recorded a lower LAT of approximately RM1.3 billion for the 6-month FPE 30 June 2021, compared to the LAT of approximately RM1.8 billion for the 6-month FPE 30 June 2020. A major portion of the loss for the period relates to depreciation of right-of-use assets and interest expenses on lease liabilities amounting to approximately RM832.7 million and RM227.9 million, respectively. Further, our Group's performance was dragged down by foreign exchange losses of approximately RM97.8 million. However, this was mitigated by fair value gain on derivatives of approximately RM16.5 million, versus a fair value loss of approximately RM207.9 million in the same period last year.



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**COMMENTARY ON THE FINANCIAL PERFORMANCE AND FINANCIAL POSITION OF OUR GROUP  
(CONT'D)**


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**(b) FYE 31 December 2020 compared to FYE 31 December 2019**

Our Group recorded lower revenue of approximately RM3.1 billion for the FYE 31 December 2020, compared to the revenue of approximately RM11.9 billion for the FYE 31 December 2019. This was primarily due to travel restrictions and lockdowns, with most international borders remained closed. Our Group operated at 29% of pre-COVID-19 capacity, led by Indonesia with 33%. AirAsia Indonesia ended the year strongly with 93% domestic capacity in December. In early March 2020, our Group introduced the all-new ASEAN Unlimited pass which offers unlimited domestic and ASEAN flights as well as unlimited free delivery for airasia Food, airasia Fresh and airasia Shop. The ASEAN Unlimited pass was sold out in two days in Thailand. Hence, strong responses to the ASEAN Unlimited pass as well as forward bookings have indicated positive signs of revival in air travel for 2021.

Our Group recorded a higher LAT of approximately RM5.1 billion for the FYE 31 December 2020, compared to the LAT of approximately RM0.3 billion for the FYE 31 December 2019. This was mainly due to fuel swap losses of approximately RM1.0 billion, impairment of receivables of approximately RM1.4 billion and impairment of right-of-use assets of approximately RM0.6 billion.

**(c) FYE 31 December 2019 compared to FYE 31 December 2018**

Our Group recorded higher revenue of approximately RM11.9 billion for the FYE 31 December 2019, compared to the revenue of approximately RM10.6 billion for the FYE 31 December 2018. This was primarily due to a 16% increase in capacity and number of guests flown. In addition, our Group's average fare and RASK grew, by 3% and 6%, with the highest RASK growth recorded in Indonesia and the Philippines respectively.

Our Group recorded a LAT of approximately RM315.8 million for the FYE 31 December 2019, compared to the PAT of approximately RM2.0 billion for the FYE 31 December 2018. This was mainly due to approximately RM1.1 billion in one-off gains in 2018 as compared to approximately RM114.5 million one-off costs in 2019. The latter included consultant fees for sale and leaseback transactions, tax provision and discount for a long-term receivable, accounting policy realignment for associates, and a watchdog fine.

**(d) FYE 31 December 2018 compared to FYE 31 December 2017**

Our Group recorded higher revenue of approximately RM10.6 billion for the FYE 31 December 2018, compared to the revenue of approximately RM9.7 billion for the FYE 31 December 2017. This was primarily driven by an 18% increase in capacity, leading to a 14% surge in the number of guests carried. While there was a slight decrease in average fare, ancillary revenue increased to approximately RM2.1 billion.

Our Group recorded a higher PAT of approximately RM2.0 billion for the FYE 31 December 2018, compared to the PAT of approximately RM1.6 billion for the FYE 31 December 2017. This was mainly attributed to one-off gains recorded for the sale of our Group's leasing arm, Asia Aviation Capital Limited to BBAM Limited Partnership and the divestment of AAE Travel Pte Ltd.

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**FURTHER INFORMATION**


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**1. RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by our Board who collectively and individually accepts full responsibility for the accuracy of the information contained in this Circular and confirms that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements contained in this Circular, or other facts the omission of which would make any statement in this Circular false or misleading.

**2. CONSENTS AND CONFLICT OF INTERESTS****2.1 RHB Investment Bank**

RHB Investment Bank, being the Principal Adviser for the Proposed Rights Issue, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

RHB Investment Bank, its subsidiaries and associated companies, as well as its holding company, RHB Bank Berhad, and the subsidiaries and associated companies of RHB Bank Berhad ("**RHB Banking Group**") form a diversified financial group and may extend credit facilities or engage in private banking, commercial banking and investment banking transactions including, amongst others, brokerage, securities trading, asset and fund management and credit transaction service businesses in its ordinary course of business with our Group and/or our persons acting in concert. RHB Banking Group has engaged and may in the future engage in transactions with and perform services for our Group, in addition to the roles set out in this Circular.

In addition, any member of the RHB Banking Group may at any time, in the ordinary course of business, offer or provide its services to or engage in any transaction (whether on its own account or otherwise) with any member of our Group, our directors, and/or our shareholders, hold long or short positions in securities offered by any member of our Group, make investment recommendations and/or publish or express independent research views on such securities, and may trade or otherwise effect transactions for its own account or the account of its other customers in our shares and/or other securities, which we may issue in the future.

As at the LPD, RHB Banking Group has subsisting facilities with a combined limit of approximately RM405.5 million with our Group. The extension of the said facilities is in the ordinary course of business of the RHB Banking Group.

Notwithstanding the above and as at the LPD, RHB Investment Bank, as part of the RHB Banking Group, is of the opinion that the abovementioned do not give rise to a conflict of interests situation in its capacity as the Principal Adviser for the Proposed Rights Issue due to the following:

- (a) the credit facilities were provided by the RHB Banking Group on an arms' length basis and in its ordinary course of business, and the said credit facilities are not material, representing 1.50% when compared to the latest audited NA of the RHB Banking Group of approximately RM27.02 billion as at 31 December 2020;
- (b) RHB Investment Bank is required under its investment banking license to comply with strict policies and guidelines issued by the SC, Bursa Securities and Bank Negara Malaysia governing its advisory operations. These guidelines require, amongst others, the establishment of Chinese wall policies, clear segregation between dealing and advisory activities and the formation of an independent committee to review its business operations;

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**FURTHER INFORMATION (CONT'D)**


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- (c) RHB Investment Bank is a licensed investment bank and its appointment as the Principal Adviser for the Proposed Rights Issue is in its ordinary course of business. Further, RHB Investment Bank does not receive or derive any financial interest or benefits save for the professional fees received in relation to its appointment as the Principal Adviser for the Proposed Rights Issue; and
- (d) the conduct of the RHB Banking Group in its banking business is strictly regulated by the Financial Services Act 2013, the Capital Markets and Services Act 2007 and the RHB Banking Group's own internal controls and checks which includes, segregation of reporting structures, in that its activities are monitored and reviewed by independent parties and committees.

RHB Investment Bank confirms that there is no conflict of interests situation in its capacity as the Principal Adviser for the Proposed Rights Issue.

## **2.2 Associate Professor Dr. Aznan bin Hasan**

Associate Professor Dr. Aznan bin Hasan, being the Shariah Adviser for the Proposed Rights Issue, has given and has not subsequently withdrawn his written consent to the inclusion in this Circular of his name and all references thereto in the form and context in which they appear in this Circular.

Associate Professor Dr. Aznan bin Hasan confirms that there is no conflict of interests situation in his capacity as the Shariah Adviser for the Proposed Rights Issue.

## **2.3 Malaysian Trustees Berhad**

Malaysian Trustees Berhad, being the Trustee who acts for the benefit of the RCUIDS Holders, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

Malaysian Trustees Berhad confirms that there is no conflict of interests situation in its capacity as the Trustee.

## **3. MATERIAL LITIGATION**

As at the LPD, save as disclosed below, neither our Company nor our subsidiaries are involved in any material litigation, claims or arbitration, either as plaintiff or defendant and our Board does not have any knowledge of any proceedings pending or threatened against our Group or of any facts likely to give rise to any proceedings which may materially affect the financial position or business of our Group:

### **3.1 AirAsia Berhad and AirAsia X Berhad vs. Malaysia Airports (Sepang) Sdn Bhd**

On 2 October 2019, AirAsia Berhad ("**AAB**") together with AirAsia X Berhad ("**AAX**") filed a writ of summons at the Kuala Lumpur High Court ("**Court**") against Malaysia Airports (Sepang) Sdn Bhd ("**MASSB**") for special damages in the sum of RM479,781,285.00 and general damages occasioned by MASSB's negligence and/or breaches of contract in maintaining and operating KLIA2. AAB and AAX subsequently filed an amended statement of claim on 23 December 2019 and a reply on 26 December 2019.

AAB and AAX applied for an application to expunge an affidavit filed by MASSB ("**Expungement Application**") on 12 March 2021. MASSB subsequently applied to strike out the whole suit ("**Striking Out Application**") and also applied for further and better particulars ("**FBP Application**") on 30 March 2021. The Expungement Application is fixed for hearing on 10 December 2021 whilst the case managements for MASSB's Striking Out Application and FBP Application shall be determined once the Expungement Application has been heard by the Court.

**FURTHER INFORMATION (CONT'D)**

The solicitors acting for AAB and AAX in this suit have indicated that AAB and AAX have an even chance to succeed on the Expungement Application and to resist the Striking Out Application as well as in succeeding in the claim provided there is clear, cogent and independent evidence to support the claim.

**4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES****4.1 Material commitment**

As at the LPD, save as disclosed below, there are no material commitments incurred or known to be incurred by our Group which may, upon becoming enforceable, have a material impact on the financial results or position of our Group:

Capital commitments for property, plant and equipment:

	<b>RM'million</b>
Approved and contracted for	97,012.2

The capital commitments of our Group are in respect of our aircraft purchases.

**4.2 Contingent liabilities**

As at the LPD, there are no contingent liabilities incurred or known to be incurred by our Group which may have a material impact on the financial results or position of our Group.

**5. HISTORICAL SHARE PRICES**

The monthly highest and lowest market prices of AAGB Shares as traded on Bursa Securities for the past 12 months preceding the date of this Circular are set out in the table below:

	<b>High</b>	<b>Low</b>
	<b>RM</b>	<b>RM</b>
<b><u>2020</u></b>		
October	0.690	0.530
November	0.840	0.510
December	1.000	0.715
<b><u>2021</u></b>		
January	0.885	0.670
February	0.960	0.690
March	1.270	0.900
April	1.060	0.830
May	0.900	0.800
June	0.995	0.830
July	0.965	0.810
August	0.960	0.800
September	1.090	0.900

The last transacted market price of AAGB Shares on 9 July 2021, being the last trading day prior to the announcement of the Proposed Rights Issue dated 12 July 2021

0.895

The last transacted market price of AAGB Shares as at the LPD

1.160

(Source: Bloomberg)

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**FURTHER INFORMATION (CONT'D)**

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**6. DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents are available for inspection at the registered office of our Company at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur (klia2), 64000 KLIA, Selangor Darul Ehsan, Malaysia during normal business hours from Monday to Fridays (except public holidays) from the date of this Circular up to and including the date of our Company's forthcoming EGM:

- (i) the Constitution of AAGB;
- (ii) the audited consolidated financial statements of AAGB for the past 2 FYEs 31 December 2019 and 31 December 2020 as well as the unaudited consolidated financial results of AAGB for the 6-month FPE 30 June 2021;
- (iii) the letters of consent and declaration of conflict of interests referred to in Section 2 of this Appendix;
- (iv) the undertaking letters from the Undertaking Shareholders and SASB in relation to the Entitlement Undertakings referred to in Section 2.5 of this Circular;
- (v) the relevant cause papers for the material litigation referred to in Section 3 of this Appendix;
- (vi) the draft Trust Deed;
- (vii) the draft Deed Poll; and
- (viii) the draft commodity Murabahah master agreement.

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**AIRASIA GROUP BERHAD**  
(Registration No. 201701030323 (1244493-V))  
(Incorporated in Malaysia)

## **NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting ("**EGM**") of AirAsia Group Berhad ("**AAGB**" or the "**Company**") will be held as a fully virtual meeting entirely through live streaming from the online meeting platform using the Remote Participation and Voting facilities ("**RPV**") provided by Tricor Investor & Issuing House Services Sdn Bhd via the TIH Online website at <https://tiah.online> at 9.30 a.m. on Thursday, 11 November 2021 or at any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution:

### **ORDINARY RESOLUTION**

**PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO RM1,024,058,370 IN NOMINAL VALUE OF 7-YEAR REDEEMABLE CONVERTIBLE UNSECURED ISLAMIC DEBT SECURITIES WITH A NOMINAL VALUE OF RM0.75 EACH ("RCUIDS") BASED ON THE SHARIAH PRINCIPLE OF MURABAHAH (VIA TAWARRUQ ARRANGEMENT) ON THE BASIS OF 2 RCUIDS WITH 1 FREE DETACHABLE WARRANT ("WARRANT") FOR EVERY 6 ORDINARY SHARES IN AAGB ("AAGB SHARES" OR "SHARES") HELD AT AN ENTITLEMENT DATE TO BE DETERMINED LATER ("PROPOSED RIGHTS ISSUE")**

**"THAT** subject to all the relevant approvals being obtained from the relevant regulatory authorities, approval be and is hereby given to the Board of Directors of AAGB ("**Board**") to provisionally allot, by way of a renounceable rights issue, up to RM1,024,058,370 in nominal value of RCUIDS at 100% of its nominal value on the basis of 2 RCUIDS with 1 Warrant for every 6 AAGB Shares held at an entitlement date to be determined later;

**THAT** approval be and is hereby given to the Board to create and issue the RCUIDS and Warrants based on the salient terms of the RCUIDS and Warrants as set out in Appendix I and Appendix II of the circular to shareholders of the Company dated 27 October 2021 ("**Circular**") respectively and the terms and conditions of a trust deed constituting the RCUIDS to be executed between the Company and Malaysian Trustees Berhad, who acts for the benefit of the holders of the RCUIDS ("**Trust Deed**") and a deed poll constituting the Warrants to be executed by the Company ("**Deed Poll**");

**THAT** approval be and is hereby given to the Board to determine and vary if deemed fit, necessary and/or expedient, the conversion price of the RCUIDS and/or the exercise price of the Warrants in accordance with the provisions of the Trust Deed and/or the Deed Poll;

**THAT** approval be and is hereby given to the Board to allot and issue such number of new AAGB Shares upon conversion of the RCUIDS during the conversion period and at the conversion price of the RCUIDS and/or upon exercise of the Warrants during the exercise period of the Warrants and that such new AAGB Shares shall, upon allotment and issuance, rank equally in all respects with the then existing AAGB Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the shareholders of the Company, the entitlement date of which is prior to the allotment date of the AAGB Shares to be issued upon conversion of the RCUIDS and/or exercise of the Warrants;

**THAT** approval be and is hereby given to the Board to allot and issue such further number of new AAGB Shares as may be required or permitted to be allotted and issued as a consequence to the adjustments under provisions of the Trust Deed and/or the Deed Poll;

**THAT** the fractional entitlements of the RCUIDS and Warrants arising from the Proposed Rights Issue, if any, will be disregarded and shall be dealt with in such manner as the Board shall in its sole and absolute discretion deem fit or expedient and in the best interests of the Company;

**THAT** any RCUIDS together with Warrants which are not subscribed or validly subscribed for shall be made available for excess applications in such manner as the Board shall determine in a fair and equitable on a basis to be determined by the Board;

**THAT** the Board be and is hereby authorised to enter into and execute the Trust Deed, Deed Poll and any other transaction documents relating to the Proposed Rights Issue, the RCUIDS and/or the Warrants (including any amendments or supplemental document(s) thereof) ("**Transaction Documents**") and to do all acts, deeds and things as it may deem fit or expedient in order to implement, finalise and give effect to the Transaction Documents;

**THAT** approval be and is hereby given for the proceeds of the Proposed Rights Issue be utilised by the Company for the purposes as set out in Section 3 of the Circular, and the Board be and is hereby authorised with full powers to vary the manner and/or purposes of utilisation of such proceeds in such manner as the Board shall in its absolute discretion deem fit and in the best interests of the Company, subject (where required) to the approval of the relevant authorities;

**THAT** the Board be and is hereby authorised to enter into and execute the underwriting agreement(s) ("**Underwriting Agreement(s)**") for the number of the RCUIDS with Warrants for which no unconditional and irrevocable written undertakings have been obtained and to do all acts, deeds and things as it may deem fit or expedient in order to implement, finalise and give effect to the aforesaid Underwriting Agreement(s);

**THAT** in order to implement, complete and give full effect to the Proposed Rights Issue, approval be and is hereby given to the Board to do or to procure to be done all acts, deeds and things and to execute, sign and deliver on behalf of the Company, the Transaction Documents and all such documents as it may deem necessary, expedient and/or appropriate to implement, give full effect and complete the Proposed Rights Issue, with full powers to assent to any condition, modification, variation and/or amendment thereto as required by the relevant authorities (including, without limitation, any changes to the conditions relating to the RCUIDS and Warrants and/or the terms and conditions of the Transaction Documents and/or the Underwriting Agreement(s)) or as the Board may deem fit in connection with the Proposed Rights Issue and in the best interests of the Company;

**THAT** this resolution constitutes a specific approval for the issuance of securities in the Company contemplated herein which is made pursuant to an offer, agreement or option and shall continue in full force and effect until all RCUIDS and Warrants to be issued pursuant to or in connection with the Proposed Rights Issue have been duly issued and allotted in accordance with the terms of the Proposed Rights Issue;

**AND THAT** no other documents pertaining to the Proposed Rights Issue shall be issued or sent to the shareholders of the Company having registered addresses outside Malaysia or who have not provided an address in Malaysia at which such documents may be delivered to prior to the entitlement date."

**BY ORDER OF THE BOARD**

**HARMINDER SINGH A/L JAILA SINGH**  
**(P.C. REG. NO. 201908001591) (LS0009855)**

Company Secretary  
Selangor Darul Ehsan, Malaysia  
27 October 2021



## FULLY VIRTUAL EGM

1. As part of the measures taken by the Company to curb the spread of COVID-19 and taking into consideration the paramount safety and well-being of the members of the Company, the EGM will be conducted as a fully virtual meeting via live streaming and online RPV provided by Tricor Investor & Issuing House Services Sdn Bhd via its **TIIH Online website at <https://tiih.online>**. This is also in line with the revised Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 1 June 2021 (including any amendments that may be made from time to time) ("**Guidance Note**"). Please follow the procedures as set out in the Administrative Note which is available at the Company's website at [www.airasia.com/aagbir](http://www.airasia.com/aagbir).
2. In accordance with the Guidance Note, an online meeting platform located in Malaysia can be recognised as the main meeting venue or place ("**Meeting Venue**") to conduct a fully virtual general meeting, and as such fulfils the requirements under Section 327 of the Companies Act, 2016 which requires the Chairperson of the meeting to be present at the Meeting Venue.
3. Members and/or proxy(ies) and/or corporate representative(s) and/or attorney(s) **WILL NOT BE ALLOWED** to be physically present at the Meeting Venue on the day of the EGM, instead are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "**participate**") remotely at the EGM via the RPV provided by Tricor Investor & Issuing House Services Sdn Bhd.

## NOTES ON APPOINTMENT OF PROXY

1. Pursuant to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 and Rule 41(a) of the Company's Constitution, only those Foreigners (as defined in the Constitution) who hold shares up to the current prescribed foreign ownership limit of 45.0% of the total number of issued shares of the Company, on a first-in-time basis based on the Record of Depositors to be used for the forthcoming EGM shall be entitled to vote. A proxy appointed by a Foreigner not entitled to vote, will similarly not be entitled to vote. Consequently, all such disenfranchised voting rights shall be automatically vested in the Chairman of the EGM.
2. A member must be registered in the Record of Depositors at 5.00 p.m. on 2 November 2021 ("**General Meeting Record of Depositors**") in order to attend and vote at the EGM. A depositor shall not be regarded as a member entitled to attend the EGM and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors. Any changes in the entries on the Record of Depositors after the abovementioned date and time shall be disregarded in determining the rights of any person to attend and vote at the EGM.
3. A member entitled to attend and vote is entitled to appoint not more than two (2) proxies (or in the case of a corporation, to appoint a representative(s) in accordance with Section 333 of the Companies Act, 2016) to attend and vote in his stead. There shall be no restriction as to the qualification of the proxy(ies).
4. The Form of Proxy in the case of an individual shall be signed by the appointor or his attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
5. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
7. The Form of Proxy or other instruments of appointment shall not be treated as valid unless deposited at the Registered Office of the Company at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur (klia2), 64000 KLIA, Selangor Darul Ehsan, Malaysia or by electronic lodgement via the **TIIH Online website at <https://tiih.online>** not less than forty-eight (48) hours before the time set for holding the EGM, i.e. not later than 9.30 a.m. on Tuesday, 9 November 2021. **Faxed copies of the duly executed Form of Proxy are not acceptable.**
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolution set out in this Notice will be put to vote by way of poll.
9. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will fully and wholly indemnify the Company on full indemnity basis (whether demanded or not) in respect of any penalty, liability, claim, demand, loss and damage as a result of the member's breach of warranty.



**AIRASIA GROUP BERHAD**  
(Registration No. 201701030323 (1244493-V))  
(Incorporated in Malaysia)

**ADMINISTRATIVE NOTE FOR THE EXTRAORDINARY GENERAL MEETING OF AIRASIA GROUP BERHAD ("AAGB" OR THE "COMPANY") ("EGM")**

Day, Date : Thursday, 11 November 2021  
Time : 9.30 a.m.  
Online Meeting Platform : <https://tiih.online>

**MODE OF MEETING**

In view of the COVID-19 outbreak and as part of the safety measures, the EGM will be conducted as a **fully virtual meeting entirely through live streaming from the online meeting platform using the Remote Participation and Voting facilities provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") via the TIIH Online website at <https://tiih.online>**. This is in line with the revised Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 1 June 2021 (including any amendment that may be made from time to time) ("**Guidance Note and FAQ**").

According to the Guidance Note and FAQ, an online meeting platform located in Malaysia can be recognised as the main meeting venue or place ("**Meeting Venue**") to conduct a fully virtual general meeting, and as such fulfils the requirements under Section 327 of the Companies Act, 2016 which requires the Chairperson of the meeting to be present at the Meeting Venue.

In view of the recent evolving COVID-19 cases in Malaysia, the Company may be required to change the meeting arrangements of the EGM at short notice. As such, members are advised to regularly check the Company's website or announcements for the latest updates on the status of the EGM. The Company will continue to observe the guidelines issued by the Ministry of Health and will take all relevant precautionary measures as advised.

**REMOTE PARTICIPATION AND VOTING FACILITIES ("RPV")**

Members and/or proxy(ies) and/or corporate representative(s) and/or attorney(s) **WILL NOT BE ALLOWED** to be physically present at the meeting venue on the day of the EGM, instead are to attend, speak [including posing questions to the Board of Directors ("**Board**") via real time submission of typed texts] and vote (collectively, "**participate**") remotely at the EGM via the RPV provided by Tricor via its **TIIH Online** website at <https://tiih.online>.

Members who appoint proxies to participate at the EGM via RPV must ensure that the duly executed Form of Proxy is deposited in a hard copy form at the registered office of the Company at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur (klia2), 64000 KLIA Selangor, Malaysia ("**Registered Office**") or by electronic lodgement via **TIIH Online website at <https://tiih.online>** not later than 9.30 a.m. on Tuesday, 9 November 2021. **Faxed copies of the duly executed Form of Proxy are not acceptable.**

**A member who has appointed a proxy or attorney or authorised representative to participate at the EGM via RPV must request his/her proxy or attorney or authorised representative to register himself/herself for RPV at TIIH Online website at <https://tiih.online>.**

Kindly refer to Procedures for RPV as set out below for the requirements and procedures.

As the EGM will be conducted as a fully virtual meeting, members who are unable to participate in this EGM via RPV may appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the Form of Proxy.

## PROCEDURES FOR REMOTE PARTICIPATION AND VOTING VIA RPV

Member(s) or proxy(ies) or corporate representative(s) or attorney(s) who wish to participate remotely at the EGM using the RPV are advised to follow the requirements and procedures as indicated below:

Procedure		Action
<b>BEFORE THE EGM DAY</b>		
(a)	Register as a user with TIIH Online	<ul style="list-style-type: none"> <li>Using your computer, access the website at <a href="https://tiih.online">https://tiih.online</a> and register as a user under “e-Services”. Select the “Sign Up” button and followed by “<b>Create Account by Individual Holder</b>”. Kindly refer to the tutorial guide posted on the homepage for assistance.</li> <li>Registration as a user will be approved within one (1) working day and you will be notified of the status of registration via email.</li> <li>If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.</li> </ul>
(b)	Submit your request to attend EGM remotely	<ul style="list-style-type: none"> <li><b>Registration is open from 10.00 a.m. on Wednesday, 27 October 2021 until the day of EGM on Thursday, 11 November 2021.</b> Member(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the EGM to ascertain their eligibility to participate at the EGM using the RPV.</li> <li>Login with your user ID (i.e. e-mail address) and password and select the corporate event: “<b>(REGISTRATION) AAGB EGM 2021..</b>”.</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Select “Register for Remote Participation and Voting”.</li> <li>Review your registration and proceed to register.</li> <li>The system will send an e-mail notification that your registration for remote participation is received and will be verified.</li> <li>After verification of your registration against the General Meeting Record of Depositors dated <b>2 November 2021</b>, the system will send you an e-mail after <b>9 November 2021</b> to approve or reject your registration for remote participation.</li> </ul> <p><i>(Note: Please allow sufficient time for the approval as a new user of TIIH Online as well as the registration for RPV in order for you to login to TIIH Online and to participate at the EGM remotely).</i></p>
<b>ON THE DAY OF THE EGM</b>		
(c)	Login to TIIH Online	<ul style="list-style-type: none"> <li>Login with your user ID and password for remote participation at the EGM at any time from 8.30 a.m. i.e. one (1) hour before the commencement of the EGM at 9.30 a.m. on Thursday, 11 November 2021.</li> </ul>
(d)	Participate through Live Streaming	<ul style="list-style-type: none"> <li>Select the corporate event: “<b>(LIVE STREAM MEETING) AAGB EGM 2021..</b>” to engage in the proceedings of the EGM remotely.</li> <li>If you have any question for the Chairman/ Board, you may use the query box to transmit your question. The Chairman/ Board will endeavour to respond to questions submitted by remote participants during the EGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the EGM.</li> </ul>
(e)	Online Remote Voting	<ul style="list-style-type: none"> <li>Voting session commences from 9.30 a.m. on Thursday, 11 November 2021 until a time when the Chairman announces the end of the session. Select the corporate event: “<b>(REMOTE VOTING) AAGB EGM 2021..</b>” or if you are on the live stream meeting page, you can select the “<b>GO TO REMOTE VOTING PAGE</b>” button below the Query Box.</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Select the CDS account that represents your shareholdings.</li> <li>Indicate your votes for the resolution that is tabled for voting.</li> <li>Confirm and submit your votes.</li> </ul>
(f)	End of remote participation	<ul style="list-style-type: none"> <li>Upon the announcement by the Chairman on the closure of the EGM, the live streaming will end.</li> </ul>

### Note to users of the RPV:

1. Should your registration for RPV be approved, we will make available to you the rights to join the live streamed meeting and to vote remotely. Your login to TIH Online on the day of the EGM will indicate your presence at the virtual meeting.
2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet connection at your location and the device you use.
3. In the event you encounter any issues with logging-in, connection to the live streamed meeting or online voting on the day of the EGM, kindly call the Tricor Help Line at 011-40805616/ 011-40803168/ 011-40803169/ 011-40803170 or e-mail to [tiih.online@my.tricorglobal.com](mailto:tiih.online@my.tricorglobal.com) for assistance.

### GENERAL MEETING RECORD OF DEPOSITORS ("ROD")

Only a depositor whose name appears in the ROD at 5.00 p.m. on Tuesday, 2 November 2021 shall be entitled to attend, speak and vote remotely or appoint proxies to attend and/or vote remotely on his/her behalf at the EGM.

### APPOINTMENT OF PROXY OR ATTORNEY OR CORPORATE REPRESENTATIVE

Members who appoint proxy(ies) to participate via RPV at the EGM must ensure that the duly executed Form of Proxy are deposited in a hard copy form at the Registered Office or by electronic means to Tricor no later than **9.30 a.m. on Tuesday, 9 November 2021**.

The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner:

(i) In hard copy form

In the case of an appointment made in hard copy form, the Form of Proxy must be completed and lodged at the registered office of the Company at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur (klia2), 64000 KLIA, Selangor Darul Ehsan, Malaysia.

(ii) By electronic means

All members have the option to submit the Form of Proxy electronically via TIH Online at <https://tiih.online> and the steps to submit the Form of Proxy are summarised below:

Procedure	Action
i. Steps for Individual Members	
(a) Register as a User with TIH Online	<ul style="list-style-type: none"><li>• Using your computer, please access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under "e-Services". Select the "Sign Up" button followed by "<b>Create Account by Individual Holder</b>". Please refer to the tutorial guide posted on the homepage for assistance.</li><li>• If you are already a user with TIH Online, you are not required to register again.</li></ul>
(b) Proceed with submission of Form of Proxy	<ul style="list-style-type: none"><li>• After the release of the Notice of EGM by the Company, login with your user name (i.e. email address) and password.</li><li>• Select the corporate event: "<b>AAGB EGM 2021.. – Submission of Proxy Form</b>".</li><li>• Read and agree to the Terms and Conditions and confirm the Declaration.</li><li>• Insert your CDS account number and indicate the number of shares for your proxy(ies) to vote on your behalf.</li><li>• Appoint your proxy(ies) and insert the required details of your proxy(ies) or appoint the Chairman of the meeting as your proxy.</li><li>• Indicate your voting instructions for the resolution that is tabled for voting – FOR or AGAINST, otherwise your proxy will decide your vote(s) or abstain from voting at his/her discretion.</li><li>• Review and confirm the appointment of your proxy(ies).</li><li>• Print the Form of Proxy for your record.</li></ul>

Procedure		Action
ii. Steps for Corporation or Institutional Members		
(a)	Register as a User with TIIH Online	<ul style="list-style-type: none"> <li>• Access TIIH Online at <a href="https://tiih.online">https://tiih.online</a>.</li> <li>• Under e-Services, the authorised or nominated representative of the corporation or institutional member selects <b>"Create Account by Representative of Corporate Holder"</b>.</li> <li>• Complete the registration form and upload the required documents.</li> <li>• Registration will be verified, and you will be notified by e-mail within one (1) to two (2) working days.</li> <li>• Proceed to activate your account with the temporary password given in the e-mail and re-set your own password.</li> </ul> <p><i>(Note: The representative of a corporation or institutional member must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.)</i></p>
(b)	Proceed with submission of Form of Proxy	<ul style="list-style-type: none"> <li>• Login to TIIH Online at <a href="https://tiih.online">https://tiih.online</a>.</li> <li>• Select the corporate exercise name: <b>"AAGB EGM 2021.. - Submission of Proxy Form"</b>.</li> <li>• Agree to the Terms &amp; Conditions and Declaration.</li> <li>• Proceed to download the file format for "Submission of Proxy Form" in accordance with the guidance note set therein.</li> <li>• Prepare the file for the appointment of proxy(ies) by inserting the required data.</li> <li>• Proceed to upload the duly completed proxy appointment file.</li> <li>• Select "Submit" to complete your submission.</li> <li>• Print the confirmation report of your submission for your record.</li> </ul>

Please ensure **ALL** the particulars as required in the Form of Proxy are completed, signed and dated accordingly.

Any authority pursuant to which such an appointment is made by a power of attorney must be completed and lodged at the Registered Office not later than **9.30 a.m. on Tuesday, 9 November 2021** to participate via RPV at the EGM. A copy of the power of attorney may be accepted provided that it is certified by notary and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

For a corporate member who has appointed a representative, please deposit the **ORIGINAL/ DULY CERTIFIED** certificate of appointment at the Registered Office not later than **9.30 a.m. on Tuesday, 9 November 2021** to participate via RPV at the EGM. The certificate of appointment should be executed in the following manner:

- (i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
- (ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
  - (a) at least two (2) authorised officers, of whom one shall be a director; or
  - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

## POLL VOTING

The voting at the EGM will be conducted by poll in accordance with Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Members or proxy(ies) or corporate representative(s) or attorney(s) can proceed to vote on the resolution at any time from **9.30 a.m. on Thursday, 11 November 2021** but before the end of the voting session which will be announced by the Chairman of the meeting. Kindly refer to item (e) of the note above on "Procedures for RPV" for guidance on how to vote remotely from the TIH Online website at <https://tiah.online>.

Upon completion of the voting session for the EGM, the Scrutineers will verify and announce the poll results followed by the Chairman's declaration whether the resolution is duly passed.

## **DOCUMENTS OF THE COMPANY**

The following documents of the Company are available at the Company's Investor Relations website at [www.airasia.com/aagbir](http://www.airasia.com/aagbir) for your preview:

1. Circular to Shareholders in relation to the Proposed Rights Issue dated 27 October 2021;
2. Notice of EGM and Form of Proxy; and
3. Administrative Note for the EGM.

Should you require a printed copy of the Circular to Shareholders (item no. 1 above), please request for the same at our Share Registrar's website at <https://tiah.online> by selecting "Request for Annual Report/Circular" under the "Investor Services". Alternatively, you may make your request through telephone/ e-mail to our Share Registrar at the numbers/ e-mail addresses given below. We will send it to you by ordinary post as soon as possible upon receipt of your request. Nevertheless, we hope that you would consider the environment before you decide to request for a printed copy.

## **PRE-MEETING SUBMISSION OF QUESTION(S) TO THE BOARD**

Members may submit questions for the Board in advance of the EGM via Tricor's TIH Online website at <https://tiah.online> by selecting "e-Services" to login, pose questions and submit electronically no later than **Tuesday, 9 November 2021 at 9.30 a.m.** The Board will endeavour to answer the questions received at the EGM. If there is time constraint during the EGM, the responses will be e-mailed to you at the earliest possible, after the EGM.

## **NO RECORDING OR PHOTOGRAPHY**

By participating at the EGM, you agree that no part of the EGM proceedings may be recorded, photographed, stored in any retrieval systems, reproduced, transmitted or uploaded in any form, platform or social media or by any means whether it is mechanical, electronical, photocopying, recording or otherwise without the prior written consent of the Company. The Company reserves the rights to take appropriate legal actions against anyone who violates this rule.

## **ENQUIRY**

If you have any enquiries on the above, please contact the following persons during office hours on Mondays to Fridays from 9:00 a.m. to 5:30 p.m. (except on public holidays):

### **Tricor Investor & Issuing House Services Sdn Bhd**

General Line : +603-2783 9299  
Fax Number : +603-2783 9222  
Email : [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com)

### Contact persons:

Mr. Alven Lai : +603-2783 9283  
Email : [Siew.Wai.Lai@my.tricorglobal.com](mailto:Siew.Wai.Lai@my.tricorglobal.com)

Ms. Vivien Khoh : +603-2783 9091  
Email : [Vivien.Khoh@my.tricorglobal.com](mailto:Vivien.Khoh@my.tricorglobal.com)

Mr. Jake Too : +603-2783 9285  
Email : [Chee.Onn.Too@my.tricorglobal.com](mailto:Chee.Onn.Too@my.tricorglobal.com)

# FORM OF PROXY



**AIRASIA GROUP BERHAD**  
(Registration No. 201701030323 (1244493-V))  
(Incorporated in Malaysia)

\*I/We \_\_\_\_\_  
[FULL NAME AS PER NRIC/ CERTIFICATE OF INCORPORATION IN BLOCK LETTERS]

\*NRIC No./ Passport No./ Co. No.: \_\_\_\_\_  
[COMPULSORY]

of \_\_\_\_\_  
[FULL ADDRESS]

telephone no. \_\_\_\_\_, email address \_\_\_\_\_, being a \*member/members of the Company,  
[COMPULSORY]

hereby appoint \_\_\_\_\_  
[FULL NAME IN BLOCK LETTERS]

\*NRIC No./ Passport No.: \_\_\_\_\_ of \_\_\_\_\_  
[COMPULSORY]

\_\_\_\_\_ telephone no. \_\_\_\_\_,  
[FULL ADDRESS] [COMPULSORY]

email address \_\_\_\_\_, and \_\_\_\_\_  
[FULL NAME IN BLOCK LETTERS]

\*NRIC No./ Passport No.: \_\_\_\_\_ of \_\_\_\_\_  
[COMPULSORY] [FULL ADDRESS]

\_\_\_\_\_ telephone no. \_\_\_\_\_, email address \_\_\_\_\_  
[COMPULSORY]

\*or failing him/her, the Chairman of the Meeting as my/our proxy(ies) to attend and vote in my/our name and on my/our behalf at the Extraordinary General Meeting ("EGM" or "Meeting") of the Company which will be held as a fully virtual meeting entirely through live streaming from the online meeting platform using the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn Bhd via the TIIH Online website at <https://tiih.online> at 9.30 a.m. on Thursday, 11 November 2021 or at any adjournment thereof, in the manner as indicated below:

No.	Ordinary Resolution	For	Against
1	Proposed Rights Issue		

(Please indicate with an "x" or "√" in the space provided above on how you wish your vote to be cast on the resolution specified. If no specific direction as to the voting is given, the proxy will vote or abstain at his/her discretion.)

No. of shares held:	
CDS Account No.:	
The proportion of my/our holding to be represented by my/our proxies are as follows:	
	No. of shares
First proxy	
Second proxy	
Date:	

\_\_\_\_\_  
Signature(s) / Common Seal of Members(s)



## FULLY VIRTUAL EGM

1. As part of the measures taken by the Company to curb the spread of COVID-19 and taking into consideration the paramount safety and well-being of the members of the Company, the EGM will be conducted as a fully virtual meeting via live streaming and online RPV provided by Tricor Investor & Issuing House Services Sdn Bhd via its **TIIH Online website at <https://tiih.online>**. This is also in line with the revised Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 1 June 2021 (including any amendments that may be made from time to time) ("**Guidance Note**"). Please follow the procedures as set out in the Administrative Note which is available at the Company's website at [www.airasia.com/aagbir](http://www.airasia.com/aagbir).
2. In accordance with the Guidance Note, an online meeting platform located in Malaysia can be recognised as the main meeting venue or place ("**Meeting Venue**") to conduct a fully virtual general meeting, and as such fulfils the requirements under Section 327 of the Companies Act, 2016 which requires the Chairperson of the meeting to be present at the Meeting Venue.
3. Members and/or proxy(ies) and/or corporate representative(s) and/or attorney(s) **WILL NOT BE ALLOWED** to be physically present at the Meeting Venue on the day of the EGM, instead are to attend, speak (including posing questions to the Board of Directors of the Company via real time submission of typed texts) and vote (collectively, "**participate**") remotely at the EGM via the RPV provided by Tricor Investor & Issuing House Services Sdn Bhd.

## NOTES ON APPOINTMENT OF PROXY

1. Pursuant to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 and Rule 41(a) of the Company's Constitution, only those Foreigners (as defined in the Constitution) who hold shares up to the current prescribed foreign ownership limit of 45.0% of the total number of issued shares of the Company, on a first-in-time basis based on the Record of Depositors to be used for the forthcoming EGM shall be entitled to vote. A proxy appointed by a Foreigner not entitled to vote, will similarly not be entitled to vote. Consequently, all such disenfranchised voting rights shall be automatically vested in the Chairman of the EGM.
2. A member must be registered in the Record of Depositors at 5.00 p.m. on 2 November 2021 ("**General Meeting Record of Depositors**") in order to attend and vote at the EGM. A depositor shall not be regarded as a member entitled to attend the EGM and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors. Any changes in the entries on the Record of Depositors after the abovementioned date and time shall be disregarded in determining the rights of any person to attend and vote at the EGM.
3. A member entitled to attend and vote is entitled to appoint not more than two (2) proxies (or in the case of a corporation, to appoint a representative(s) in accordance with Section 333 of the Companies Act, 2016) to attend and vote in his stead. There shall be no restriction as to the qualification of the proxy(ies).
4. The Form of Proxy in the case of an individual shall be signed by the appointor or his attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
5. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
7. The Form of Proxy or other instruments of appointment shall not be treated as valid unless deposited at the Registered Office of the Company at RedQ, Jalan Pekeliling 5 Lapangan Terbang Antarabangsa Kuala Lumpur (klia2) 64000 KLIA, Selangor Darul Ehsan, Malaysia or by electronic lodgement via the **TIIH Online website at <https://tiih.online>** not less than forty-eight (48) hours before the time set for holding the EGM, i.e. not later than 9.30 a.m. on Tuesday, 9 November 2021. **Faxed copies of the duly executed Form of Proxy are not acceptable.**
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolution set out in this Notice will be put to vote by way of poll.

## Personal data privacy notice:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will fully and wholly indemnify the Company on full indemnity basis (whether demanded or not) in respect of any penalty, liability, claim, demand, loss and damage as a result of the member's breach of warranty.



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*Then fold here*

AFFIX  
STAMP

The Company Secretary  
**AirAsia Group Berhad**  
(Registration No. 201701030323 (1244493-V))

RedQ, Jalan Pekeliling 5  
Lapangan Terbang Antarabangsa Kuala Lumpur (klia2)  
64000 KLIA  
Selangor Darul Ehsan  
Malaysia

*1<sup>st</sup> fold here*

